

WASHINGTON STATE ACTION PLAN

2003

**DRAFT
FOR
PUBLIC COMMENT**

Department of Community, Trade, and Economic Development
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2003 WASHINGTON STATE ACTION PLAN

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2003 Washington State Action Plan

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Introduction

The Washington State Action Plan is a document required by the U.S. Department of Housing and Urban Development (HUD) to be submitted by all jurisdictions that directly receive funds under the Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), HOME Investment Partnerships (HOME), and Housing Opportunities for Persons With Aids (HOPWA) formula programs. The Action Plan is the annual formal amendment to the state's 2001 – 2005 Consolidated Plan for Housing and Community Development. The 2003 Action Plan is the second amendment to the state's five year Consolidated Plan. Changes included in this year's plan are summarized below.

The 2003 Action Plan provides basic information regarding the state's plans for distribution of money received from the U.S. Department of Housing and Urban Development (HUD) for the Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), HOME Investment Partnerships (HOME), and Housing Opportunities for Persons With Aids (HOPWA) formula programs. At this printing, the appropriations process for these programs has not been completed. Federal programs are currently being operated by a continuing resolution. All amounts listed for distribution in this document therefore are based upon estimates of what may be available after Congress acts. This document outlines the various contingencies that will be used in the event the federal budgetary process remains incomplete for Federal Fiscal year 2003.

The formal review and comment period for the draft 2003 Action Plan begins on October 14, 2002 and ends at 5 p.m. on November 1, 2003. Public hearings will be held on October 30, 2002, from 1:30-3:00 at two locations:

Lacey Department of Information Services
710 Sleater-Kinney Road SE
Suite Q
Lacey, Washington 98504-2445

Spokane
Washington Interactive Technology Center
1101 N. Argone, Suite 109
Spokane, Washington

In addition to the opportunity to provide comment and discuss the Action Plan with staff at either public hearing location, written comments will be accepted until 5 p.m. November 1, 2002, by mail to the following address:

Stephen H. Buxbaum
Managing Director, Community Development Programs
906 Columbia Street SW
PO Box 48350
Olympia, Washington
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Comments may also be emailed to stephenb@cted.wa.gov. All comments received will be responded to in the Comments Section of the final draft of the 2003 Action Plan. Printed copies of the draft proposed 2003 Action Plan may be obtained after October 14, 2002 by contacting Laurie Dschaak by telephone at 360-725-3020, or by email at Lauried@cted.wa.gov. The 2003 Action Plan may also be viewed on the agency's web page: <http://housing.ocd.wa.gov>

Summary of 2003 Changes to the State Consolidated Plan for Housing and Community Development

Changes to the HOME, HOPWA and ESG programs are not significant compared to methods of distribution used for these programs in 2002. The 2003 Action Plan outlines minor changes in funding for these programs and provides estimates for the expenditure of state resources based upon agency recommendations for funding in the 2003 - 2005 State Biennial Budget.

Most of the changes that appear in this year's Action Plan pertain to the operation of the Community Development Block Grant Program. These changes are summarized below:

Clarification of the Use and Availability of Planning and Public Service Funds

Use of CDBG for Planning (including administration conducted by the state) and Public Service activities is restricted by statute to no more than 20 and 15 percent respectively by statute.

Program set asides for these activities have existed for several years. However, use of CDBG funds for these activities is possible as an activity funded by any CDBG program as long as the statutory cap is not exceeded. Options for use of these resources is outlined on page 21.

Emphasis Placed on Increasing the Return on CDBG Investments

Based upon workshops and meetings with stakeholders that occurred during program year 2001 and 2002, the presentation of CDBG rating and selection criteria has continued to be streamlined and simplified to reflect program priorities. CDBG resources are targeted to community projects where funding is needed the most, where capacity exists to support successful project implementation and where the community is ready to use funding for maximum impact – as determined by program rating and selection criteria. The program will be focusing its attention over the next three years on increasing the average rating scores for each of its programs. Higher average composite scores are a proxy measure for a higher return on investment for these funds as quantified in benefit to the public. A new emphasis on technical assistance will be placed on program activities in 2003. These activities will include:

- More flexibility in the use of CDBG Planning pass through resources to address capacity issues of grant recipients.
- Increase the number of workshops and training opportunities offered in 2003.
- Increase the overall availability of staff to assist communities in project development.

Cross Program Collaboration

In anticipation of the potential of receipt of additional CDBG funds in 2003, the state is proposing the consideration of a trial use of supplemental resources from CDBG to support eligible priority projects already reviewed for funding by the Public Works Trust Fund and the Drinking Water State Revolving Fund. Eligible projects would be screened to determine whether there is a hardship posed upon low- and moderate-income people as a result of high utility rates due to loans from either of these programs. Funding for this program is contingent upon agreement from the Public Works Board and positive public comment regarding the concept. This proposal is preliminary and meant to add to the discussion of how hardship is

defined based on a comparison of utility rates to income. This new program is explained starting on page 48.

Americans with Disabilities Act Incentive Grants

Jurisdictions that have unspent resources of up to \$10,000 per CDBG General Purpose or Community Investment Fund Grant, following the successful completion of their project, are presented with the option of using these resources to implement part or all of the needs identified in their approved ADA Plan. This program is described on page 62.

Increased Funding for CDBG Supported Economic Development Loan Funds

Job creation continues to be a high priority for the state CDBG program. Proposed Increases in funding for the CDBG Economic Development Loan Funds are as follows:

- The total amount of CDBG resources that will be pledged as security for loans to private businesses under the Section 108 Loan Guarantee program is proposed to increase from \$16 million to \$18 million. Upon the discretion of the CTED Director, on a project by project basis, the total amount to be pledged may be increased following an assessment of the potential impacts on CDBG grant programs should losses occur. Although the pledge does not immediately reduce the state's CDBG allocation, any future payment default by a borrower will result in an equivalent reduction in the state's annual grant award. This program is described starting on page 51.
- The total amount of Float Loan resources to be available during 2003 is proposed to increase from \$11.5 million to \$20 million annually depending on availability. Float loan activities are also proposed to include interim financing in support of all CDBG eligible economic and community development activities. This program is described starting on page 58.
- The Rural Washington Loan Fund is proposed to receive an additional amount of approximately \$1.6 million of CDBG resources as a result of the program accumulating an equivalent amount of resources from program income. The allocation of these proposed resources to the RWLF will not result in the net reduction of resources from the CDBG program's annual award which is to be distributed amongst its regular grant programs. In addition to these resources, it is proposed that up to \$500,000 of the CDBG program's annual award be made available for RWLF loans provided the fund has depleted all its program income at the time of the loan request. This program is described starting on page 55.

ANTICIPATED RESOURCES AND GENERAL GUIDELINES

Overview

The Department of Community, Trade, and Economic Development (CTED) receives a variety of federal and state resources to meet the state's housing and community development priorities. Many resources are linked together to secure maximum benefit to clients, such as weatherization and home repair. There is a consistent effort to leverage federal and state resources with non-public funds to maximize cost efficiency and to stretch the public dollar, such as with the state's Housing Trust Fund and the Community Development Block Grant.

Anticipated Resources

Resources anticipated for the HOME, HOPWA and ESG programs are anticipated to be funded at approximately the same level as last fiscal year. Since Congress has chosen to operate the federal budget by Continuing Resolution, some delays may be reasonably anticipated in the state receiving funds to operate its HUD funded programs in calendar year 2003.

The Federal Fiscal Year 2003 Appropriation process poses several challenges for the Community Development Block Grant Program. In summary, these are: changes in the amount to be distributed to states due to information now available from the 2000 Census, uncertain levels of funding from Congress, and changes to HUD regulations pertaining the speed in which states must expend their annual grant awards. Although these issues may not be resolved for several months, the state must produce a method of distribution prior to November 15, 2003. Accordingly, a set of contingencies is outlined below that addresses these uncertainties.

Demographic Changes

CDBG resources are distributed to the state by formula described in federal statute. The Department of Housing and Urban Development is required to recalculate the distribution of resources to CDBG programs every ten years as new decennial census data becomes available. Changes to three of eight factors contributed to the potential for an overall increase in Washington State's allocation due to demographic changes that occurred between 1990 and 2000. In summary these changes are: a 21 percent increase in the state's overall population, a 15 percent increase in the number of households living below the poverty level, and a 53 percent increase in the number of households living in overcrowded conditions.

Federal Fiscal Year 2003 Appropriation Process

Ultimately, whether the state CDBG program will actually receive an increase in funding over last year is dependent upon how much Congress appropriates to the program for Federal Fiscal Year 2003. As of publication date, Congress is still operating federal programs by Continuing Resolution. Agreement has not occurred between the House and Senate as to the appropriation level and line item distribution of resources reserved for the CDBG program. In consultation with the HUD Regional Office, the state's 2003 Program Year method of distribution assumes no change from last year's appropriation (\$16 million). However, should additional resources be made available above \$16 million, the state will distribute these additional funds by the means outlined under the Contingency Fund and Supplemental Resource sections of this Action Plan. Significant resources above \$500,000 may be distributed proportionately between existing CDBG programs with the exception of the Housing Enhancement and Public Service Program

set asides, which are respectively \$1 million and \$1.775 million annually. Decreases in funding below \$16 million will be proportionately deducted from all programs, with the exception of the Public Service Program set aside, unless reductions result in the current Public Service Program's set aside to exceed 15 percent of the state's annual award. By statute, state expenditures for public service activities shall not exceed 15 percent of the state's annual allocation for CDBG activities (including program income).

Timeliness of Expenditure Regulation

The state CDBG program is also facing potential changes in regulations related to the rate it is required to actually expend resources. HUD has recommended to Congress that changes be made to regulations pertaining to timeliness of expenditure. Current regulations require states to *obligate* resources to eligible grant recipients within 15 months of the receipt of its program year allocation. The HUD recommended change is to require that states actually *expend* their grant awards within 24 months of the receipt of their annual award. This impending regulation may require changes to Washington State's method of distribution.

Traditionally the state has operated the CDBG program in a way that assures local governments that it has enough resources in reserve from its prior year allocation to meet all requests for funding from the Fall General Purpose application cycle. The state has attempted to complete General Purpose allocations by not later than March 1 in a given year based on the applications received in November of the previous. This practice is based upon two practical assumptions: 1) the traditional delay in HUD's release of the state's award until April or later in any given year; and 2) the need of local governments to be able to complete the contracting process for proposed projects in time to prevent seasonal construction constraints. Contracts that are delayed beyond March can cause projects to be delayed a full year due to the weather.

If changes occur in HUD regulations pertaining to timeliness of distribution, the state may chose to hold an additional General Purpose Application Process in Program Year 2003. In this event, a formal amendment, including a public hearing process, will be carried out according to the processes outlined within this Action Plan. It is most likely that changes in grant cycles for the General Purpose Program will be delayed until Program Year 2004.

Leveraging Match

CTED will evaluate and analyze each proposal for HOME and ESGP funds to ensure that a minimum federal subsidy is being used to develop each project and that federal funds will effectively leverage additional resources. Each proposal will be required to describe sources and uses for all project financing and to provide a line-item development budget and/or an operating pro forma. CTED will look for opportunities to leverage other non-federal funds, if available, and to use other federal subsidies identified for development and on-going operations, if appropriate. For example, in HOME, other federal subsidies will be used if such subsidies help to maintain affordable housing projects by providing sufficient reserves for both replacement and operating costs.

HOME eligible match sources will be tracked on a project basis and reported annually. Match sources can include state Housing Trust Fund (HTF) when targeted to HOME-eligible activities and meet HOME match requirements.

Matching requirements for ESGP will be met by funds identified by local jurisdictions that are committed to housing and services for the homeless.

While the CDBG Program has no match requirements, leveraging is strongly encouraged through the rating and selection process. The current program year average for the period since 1995 provides a leveraging rate that is over two to one. Based upon new program year 2002 contracts to date, a total of \$32,535,980 of other funds has been leveraged as a result of CDBG commitments – a figure consistent with the two to one leveraging rate of previous years.

Resource Assumptions for 2003

Table 1 highlights the major federal and state resources that CTED anticipates receiving in 2003. The programs are in general categories for purposes of this table. Many of the programs offer a variety of services that cross categories, such as HOPWA, or services not detailed here like technical assistance.

TABLE 1: Anticipated State and Federal Resources by Program

Affordable Housing	Federal Funds ^{1/}	State Funds ^{2/}
<p>The Housing Trust Fund will dedicate funds for a variety of low-income housing activities, including farmworker housing, housing for homeless families with children, housing for people with developmental disabilities, weatherization, repair, and rehabilitation. The HOME Program funds will be used for 2003 priority strategies and initiatives.</p> <p>Housing Opportunities for People With AIDS ^{3/}</p> <p>Weatherization Program (DOE & LIHEAP – excluding BPA)</p>	<p>\$11 million</p> <p>\$608,000</p> <p>\$8 million</p>	<p>\$73 million</p>
<p>Homeless Services</p> <p>Provide shelter and services for people who are homeless, and homelessness prevention.</p>	<p>\$1 million</p>	<p>\$15 million</p>
<p>Supportive Housing</p> <p>Provide transitional housing for homeless families, youth, and single adults with disabilities.</p>	<p>\$1.5 million</p>	<p>\$5 million</p>
<p>Repayments</p> <p>HOME loan repayments – same uses as HOME program funds.</p> <p>Housing Trust Fund loan repayments- Provide resources for technical assistance and other “soft” housing development costs.</p>	<p>\$405,000</p>	<p>\$2,850,000</p>
<p>Community Development</p> <p>Community Development Block Grant</p> <p>^{1/} Annual</p> <p>^{2/} Projected Bi-Annual, July 2001 -June 2003</p> <p>^{3/} HOPWA also contributes to homeless prevention initiatives</p> <p>^{4/} Demographic changes may cause CDBG funds to increase to \$18 million in 2003.</p>	<p>\$16 million ^{4/}</p>	<p>\$294,325</p>

Geographic Distribution

The major geographic distinction that affects the allocation of funds is between the state's major urban centers, most of which are also participating jurisdictions for HOME funding and formula jurisdictions for ESGP funding, and the smaller cities and rural areas of Washington. The urban centers, especially the Seattle-Tacoma metropolitan area, have a number of strong, experienced,

non-profit housing developers and advocates. These cities have been able to raise local funding for housing and to develop innovative projects and programs.

In smaller cities and rural areas, excellent work has also been done especially with the help of technical expertise provided by CTED. The WSHFC policies encouraging the use of single-family mortgage revenue bond programs and tax credits in rural areas have also provided increased capacity in small cities and non-metropolitan counties. However, capacity building remains a major need in these areas. Local coalitions and non-profits need assistance in all stages of housing development; that is, getting organized, assessing needs and market, raising operating funds, putting together project financing, managing construction, and managing completed projects. State funding has been available for capacity building, but only in very limited amounts.

Funding for housing development in small cities and rural areas will be made available by:

- Targeting 30 percent of the funds in the state's Housing Trust Fund to rural areas.
- Prioritizing the allocation of HOME funds to those areas of the state that do not receive other allocations of HOME funds.
- Continuing to use state CDBG programs to support housing planning and development in non-entitlement jurisdictions.
- Continuing to use CDBG Housing Enhancement funds to cover costs that are not eligible under the Housing Trust Fund program but are essential to the success of a Housing Trust Fund project.
- Continuing to use ESGP in non-participating jurisdictions.
- Continuing WSHFC policies that encourage the use of single-family mortgage revenue bonds and tax credits in small cities and rural areas of the state.
- Using 100% of HOPWA formula allocation funds in jurisdictions that are not part of major metropolitan areas currently receiving HOPWA allocations directly from HUD.
- Distributing funds from the state's Emergency Shelter Assistance Program (ESAP) and Transitional Housing, Operating & Rent Assistance (HOR) by formula allocation to all 39 counties.
- Allocating formula funds for federally funded weatherization services to 26 agencies serving all counties.

Aside from these funding targets, CTED does not set aside funds for particular regions at this time. CTED's experience has been that open funding programs or programs using competitive funding criteria serve the state best by allowing each area to organize and develop those projects that meet local needs. As a result of this policy, the CDBG Program has successfully provided funds in traditional low-income areas of the state such as the Yakima Valley, as well as resource dependent areas such as Grays Harbor, Pacific, and Okanogan Counties.

Distribution of Funds to Address Priorities and Objectives

The highest priority will be dedicated to very low-income renter and homeowner households (those households earning 50 percent of median income or less) and paying more than 30 percent of their incomes for housing costs, as well as those people who are homeless. CTED has not identified any low priority activities, since we want to be supportive of any other community

level efforts to respond to housing needs even if there are no federal or state funds currently available.

To address the above mentioned priority needs, CTED targets services and projects to very low-income households in the HOME program, and emergency shelter for people who are homeless in the ESGP programs.

As for meeting the objectives that were developed in response to the plan's needs and priorities, CTED uses a variety of mechanisms, including:

- Set-asides for specific activities, such as rental assistance and giving preference to projects that serve homeless people, farmworkers or people with developmental disabilities.
- Formula-driven allocations, such as the Emergency Shelter Assistance Program, the Home Repair and Rehabilitation Program and Weatherization Program.
- Competitive application processes, such as the Housing Trust Fund, HOME and CDBG.

The Community Development Block Grant Program supports priorities determined by local governments, especially when they:

- Address needs of low- and moderate-income households.
- Are consistent with local comprehensive plans.
- Demonstrate potential for long-term positive impact.
- Address the root causes of economic distress.
- Encourage business development.
- Eliminate clear threats to public health and safety.
- Revitalize housing and neighborhoods.
- Plan for the needs of LMI; or,
- Provide needed public services to LMI households.

CDBG addresses the priority needs in two ways: by setting aside funds for specific activities, and by establishing rating criteria which allow priority projects to be funded. Public Services Grants help address the root causes of poverty and provide needed public services to LMI households. Planning Grants help plan for the needs of LMI people while supporting local priorities and establishing consistency with local comprehensive plans. The CDBG Community Investment Fund works as a partnership between local governments and federal and state agencies through the Washington Community Economic Revitalization Team (WA-CERT). General Purpose Grants focus on providing assistance to local governments wishing to reduce financial burden to LMI people, eliminate clear threats to public health and safety, and revitalize housing and neighborhoods.

General Guidelines

Reallocated Funds

Reallocated funds are those that HUD has recaptured from a grantee and reallocated to the state. Reallocated funds that are received by the state with the annual grant will be made available to eligible jurisdictions through the 2003 funding distribution in accordance with the method of distribution described in this statement.

Recaptured Funds

Recaptured funds are those funds that remain unused after all contract activities have been completed. The state will notify local grantees, upon closing their contract, as to the amount of resources to be captured and refunded. Recaptured resources will be added to the programs contingency fund for redistribution. It is CTED's policy to recapture unspent grant dollars when it is clear that the recapture will not prevent a grantee from completing approved activities. Resources that are not used within established timeframes may be recaptured. Unspent resources will also be recaptured if a contract is terminated due to non-compliance.

Program Income

Program income is any income generated from the use of CTED allocated funds, such as, proceeds from disposition of property, loan repayments with interest, and proceeds from sale of loans. All program income accrued while a contract is still open and active must be used prior to drawing additional program funds from the state. Program income from active contracts must be accounted for on each reimbursement request. Income earned by the grantee as a result of project activities after project completion and after administrative closeout, retains its federal identity and must be reported to CTED annually if it exceeds \$25,000 in any calendar year.

The HOME Program

The 2003 HOME Program will be designed to address the five-year Strategic Housing Plan priorities: housing supply for agricultural workers, maintaining housing options for persons with special needs, repair and rehabilitation of existing low-income housing stock, rental assistance, first-time homebuyers, new construction, and acquisition of rental housing. First time homebuyer projects will be funded with state capital funds rather than HOME funds. Non-profit organizations, local governments, and Public Housing Authorities (PHA) will be able to apply to CTED for HOME funds.

Allocation of HOME Funds

- Ten percent of the HOME funds will be used for administrative expenses, as appropriate by program.
- Fifteen percent of HOME funds will be allocated to projects developed by Community Housing Development Organizations (CHDOs).
- At least fifteen percent will be used for Tenant-Based Rental Assistance (TBRA)
- Twenty-five percent will be used to fund the Home Repair and Rehabilitation Program (HRRP, *formerly Minor Home Repair Program*).
- The balance of HOME funds will be made available for all HOME-eligible activities with the exception of first time homebuyer projects, through a common application to the state's HTF programs and HOME.

Geographic Allocation and Priorities

Coordination with local governments will play a strong part in all of the HOME programs. CTED plans to prioritize the allocation of its HOME funds to those areas of the state that are non-participating jurisdictions.

In the event that applications received from those areas are of insufficient number and quality, CTED may provide HOME funds to projects located in participating jurisdictions.

- First priority: Jurisdictions that do not receive HOME or CDBG funds through entitlement.
- Second priority: CDBG entitlement jurisdictions that do not receive HOME funds directly from HUD.
- Third priority: HOME's participating jurisdictions (those jurisdictions receiving HOME funds directly from HUD).

HOME Program Descriptions

Home Repair and Rehabilitation Program (HRRP)

Activity:

HOME dollars will be used in conjunction with state, private, and federal weatherization and rehabilitation funds to perform:

- Up to \$2,000 for emergency repair.

- Energy efficiency, health, and safety improvements.
- Minor home repair to moderate rehabilitation.
- Substantial rehabilitation.

Eligibility:

- Single-family, owner-occupied dwellings
- Owners' incomes may not exceed 50 percent of the median income for their area.
- Property values after rehabilitation may not exceed 95 percent of the area's median purchase price.

Standards: Upon completion, each project must meet the HRRP Rehabilitation Standards established by CTED, except when an eligible household has an emergent need, such as a broken or leaky water heater, and the service provider:

- Must postpone complete repair and weatherization service to a later date; or,
- The client's home has been previously served for energy efficiency and repair and it already meets HRRP Rehabilitation Standards.

Minimum rehabilitation investment will be \$1,000 and maximum will be \$24,999. The objective of this program is to coordinate moderate rehabilitation and energy conservation to better meet the needs of low-income households in a cost-effective manner.

HRRP Fund Distribution: Only existing weatherization providers (community action agencies, housing authorities, and local governments) will be eligible to apply for these grants. At least 80 percent of HRRP funds will be allocated by formula to weatherization providers not located within participating jurisdictions. Any remaining funds may be made available on a competitive basis to all weatherization providers; however, preference will be given to agencies in non-participating jurisdictions.

Tenant Based Rental Assistance

Activity: The Tenant Based Rental Assistance (TBRA) Program will provide rental assistance to targeted households in need through local qualified eligible organizations.

The client-targeted groups are:

1. Foster children in transition, ages 18-20.
2. Special needs populations.
3. Farm workers who are seeking permanent year round rental housing.
4. Households transitioning to self-sufficiency.
5. Pregnant or parenting youth.
6. Homeless families with children.

Eligible Applicants: Eligible applicants are units of local government, public housing authorities and nonprofit community-based organizations. Applicants must have recent experience administering a state or federally funded rental assistance program, or may contract with an experienced organization or technical assistance provider to administer the program.

Eligible Clients: Eligible clients are individuals or families whose incomes are at or below fifty percent (50%) of the median household income (as determined by HUD) for the county or standard metropolitan statistical area where the program is located.

Payments: Rental assistance will be provided through an assistance contract between the property owner and the TBRA contractor and a rental lease between the property owner and the assisted client household.

Monitoring: CTED will monitor the progress of the program through data and documentation collected in the monthly vouchersing process, periodic program reports, and periodic on-site monitoring visits to each TBRA contractor.

Contract Terms: The term of the rental assistance contract with an eligible client will not exceed 12 months. The contract will begin on the first day of the term of the lease and will terminate on the last day of the lease or the last day of the 12th month of assistance. All leases must comply with the requirements specified in section 92.253 of the federal rules (24 CFR Part 92).

Rent Reasonableness: TBRA contractors will be required to certify that rents are reasonable before they approve a household's unit for rental assistance according to the Code of Federal Regulations, 24 CFR 882, 106 (b), and Chapter 6-5, HUD handbook 7420.7, Public Housing Agency Administrative Practices Handbook for the Section 8 Existing Program.

Maximum Subsidy Amounts and the Rent Standard: The monthly housing assistance payment paid on behalf of a household may not exceed the difference between the rent standard for the unit size established by the TBRA contractor and 30 percent of the household's adjusted monthly income. The rent standard may not be less than 80 percent of the published Fair Market Rent (FMR) for the unit size in the administering agency's area, nor more than the FMR for the area.

Housing Quality Standards: Housing units occupied by an individual or family receiving rental assistance must comply with the Housing Quality Standards (HQS) performance and acceptability criteria set forth in Section 982.401 including lead-based paint requirements. Each unit must be inspected when a new client household moves in, and at least annually by a certified HQS inspector.

Fund Distribution: Funds will be awarded through a competitive application process which allows applicants flexibility to design their programs provided they are in compliance with the requirements of the HOME Investment Partnerships Program Final Rule 24 CFR Part 92 and with any additional requirements specified by CTED.

New Construction

Activity: Construction funds will be used for new and recently completed housing projects. The maximum per-unit cost may not exceed HOME maximum per-unit subsidy amounts. Minimum length of commitments will be 40 years (longer than the 20-year HOME requirement). Newly constructed housing will meet Washington State Energy Code, which is more restrictive than the Model Energy Code.

Fund Distribution: The target population is households at or below 50 percent of the local area median income level. Funds will be distributed through a competitive application process, administered in tandem with the state HTF programs, that uses specific criteria to evaluate projects in four basic areas: needs of target population; financial feasibility; organizational capacity; and project design. Applications are accepted semi-annually. The process provides substantial opportunity for technical assistance in the preparation of the proposal, allows maximum flexibility in the use of funds, and is, therefore, most responsive to local needs. HOME dollars will be used for grants, deferred and amortized loans, and will be administered directly by the local government, housing authority, or non-profit receiving the funds. CTED will be responsible for approval of all project draws through the certification of signed progress reports, building official inspections, or architect certificates of completion.

Acquisition: Acquisition funds will be used for acquisition and project-specific pre-development activities, including, but not limited to, architectural, engineering and legal fees, and acquisition of buildings not in need of rehabilitation. Acquisition subsidies and property values cannot exceed HOME limits. Minimum length of commitment will be 40 years (which is significantly longer than the 5, 10, and 15-year scale per the HOME regulations). All units will meet, at a minimum, HQS, Americans with Disabilities Act (ADA) requirements, applicable Section 504 and Fair Housing Act requirements, and all applicable local codes, ordinances, and zoning codes.

Fund Distribution: Refer to New Construction Section

Moderate and Substantial Rehabilitation

These funds will be used for rehabilitation of substandard or vacant dilapidated single and multifamily rental structures. Rehabilitation subsidies and property values will not exceed HOME limits. Minimum length of commitment will be 40 years.

All units will meet, at a minimum, HQS, HRRP Rehabilitation Standards, Americans with Disabilities Act (ADA) requirements, applicable Section 504 and Fair Housing Act requirements, and all applicable local codes, ordinances, and zoning codes.

Fund Distribution: Refer to New Construction Section

Community Housing Development Organizations

Role of CHDOs: Community Housing Development Organizations will play a strong role in the HOME program. Washington State is fortunate to have a significant number of nonprofit housing developers who meet the CHDO requirements, including a network of community action agencies throughout the state.

CTED has certified 28 non-profit developers as CHDOs. CTED will continue its solicitation efforts during the 2003 program year.

Eligible Activities: CHDOs will use HOME funds for HOME-eligible housing they develop, sponsor, or own.

Affirmative Marketing Procedures

Subsection 92.341 of the HOME regulations requires affirmative marketing of the housing units assisted with HOME funds. CTED will extend this requirement to all rental units assisted, not just developments of five units or more.

As part of the application process for HOME funds, each proposal must describe the methods of affirmative marketing that will be undertaken as part of the HOME-assisted project.

CTED will take the following actions to provide information and otherwise attract eligible persons from all racial, ethnic, and gender groups in housing market areas to housing that is assisted by the HOME program funding:

1. All correspondence, notices, and advertisements related to HOME funds will contain either the Equal Housing Opportunity logo or slogan.
2. CTED will require participants in the HOME program to use affirmative fair housing marketing practices in soliciting renters or buyers, determining their eligibility, and concluding all transactions. Any HOME-assisted housing must comply with the following procedures for the duration of the applicable compliance period:
 - Project sponsor advertising of vacant units must include the Equal Housing Opportunity logo or statement. Advertising media may include newspapers, radio, television, brochures, leaflets, or may involve simply a sign in a window.
 - The project sponsor will be required to solicit applications for vacant units from persons in the housing market who are least likely to apply for HOME-assisted housing without benefit of special outreach efforts, including placing advertisements in minority-specific media.
 - The project sponsor must maintain a file containing documentation of all marketing efforts (copies of newspaper ads, memos of phone calls, copies of letters, etc.). Records to assess the results of these actions must be available for inspection by CTED.
 - The project sponsor must maintain a listing of all tenants residing in each unit at the time of application submittal through the end of the compliance period.
 - CTED will assess the affirmative marketing efforts of the project sponsor by comparing predetermined occupancy goals (based upon the area from which potential tenants will come) to actual occupancy data that the project sponsor is required to maintain. Outreach efforts on the part of the owner will also be evaluated by reviewing marketing efforts. Corrective action will be required of project sponsors if affirmative marketing requirements are not followed.

Minority and Women Owned Business Outreach

Title 24 of the Code of Federal Regulations (CFR) Subpart H, Subsection 92.351 (b)(5), requires the encouragement and use of minority and women-owned business enterprises in the implementation of HOME program activities.

Executive Orders 11625, 12432, and 12138 will provide the basis for the State of Washington's outreach and monitoring efforts to ensure that minority and women-owned enterprises are used

to the greatest extent possible to provide services, materials, contractors, and other affiliated professions and occupations associated with all HOME-supported programs.

In the evaluation of competitive applications for HOME funds, CTED will rate each proposal on the extent of, and plans for, affirmative marketing to minority and women-owned businesses. Further, when appropriate, each application will identify the types of notices, bid procedures and direct outreach actions that will be taken to encourage minority and women owned business participation in contracting opportunities.

CTED will require funded applications, by contractual language, to undertake direct affirmative outreach measures to ensure the greatest possible opportunity for minority and women-owned businesses to compete for contracts within each phase of a HOME-funded project. This will include, but not be limited to, realtors, appraisers, lenders, architects, contractors, and property management firms. The current listing of certified minority and women-owned businesses is readily available from the state's Office of Minority and Women's Business Enterprises. This listing will include all project-specific relevant professions and occupations within the geographic region where the project will be implemented.

Examples of bid advertisements and notices will be provided to HOME project sponsors to ensure ease of implementation and consistency of approach in the outreach efforts. Project sponsors will be encouraged to place advertisements in minority- and women-specific media whenever possible.

To maintain statistical data on outreach, use and participation of minority and women-owned businesses as contractors and subcontractors in HOME-assisted projects, sponsors will be required to identify firms contacted, bids received, contracts let, and dollars provided to such firms. Each HOME project sponsor will be provided the format for such reports to ensure consistency and ease of monitoring.

Every HOME contractor will be monitored and evaluated at contract closeout for this information as well as the associated back-up files and documentation. In addition, CTED will reserve the right to conduct on-site inspections and interviews to confirm the use of minority and women workers during the course of project completion.

EMERGENCY SHELTER GRANT PROGRAM

Allocation of Funds

The Emergency Shelter Grants Program (ESGP) funds will be made available to non-formula jurisdictions in the balance-of-state program areas served by CTED. The unit of general local government in which the proposed activities are to be located must certify that it approves the application and the proposed activities must be for eligible activities.

The Federal Fiscal Year 2003 allocation to Washington State will be approximately \$1,000,000. Applications will be solicited from all the eligible non-formula areas. The eligible non-formula areas are all cities and counties in the state of Washington except for the City of Seattle, City of Tacoma, City of Spokane, Snohomish County, King County, and Pierce County.

The state will continue to use an allocation formula to distribute ESGP funds to eligible jurisdictions. This formula is similar to the one used by the state Emergency Shelter Assistance Program (ESAP) which distributes funding based on poverty and unemployment statistics, and provides a base level of funding to everyone. To reduce any abrupt funding changes due to formula fluctuations (e.g. such as a sudden and significant change in the unemployment rate in one or more counties) the net loss to any county from the previous year will be held to a minimum of 4 percent.

All jurisdictions will be required to submit a complete application and will be reviewed for eligible activities, internal consistency, and responsiveness to CTED's further requirements as explained in the following.

Application Requirements

All applicants must have a Continuum of Care plan in place or have started to develop a plan in order to receive ESGP funds. Each applicant will need to submit an application that describes the types of activities that will be undertaken, the agencies who will provide services, and the budget for each participating agency. Each application will need to contain the following information:

- A clear statement of need for the use of allocated funds.
- An explanation of how proposed activities are consistent with the Continuum of Care plan.
- A clear description of activities, a cost-effective budget and a schedule.
- A list of program outcomes for each component or activity.
- The most recent audit for the lead agency contractor.

CTED will reserve the right to reduce or to redistribute a county's allocation, if insufficient information is provided in the application, ineligible activities are proposed, or if the lead agency contractor lacks a demonstrated capacity to administer the ESGP contract.

Eligible Activities

In an effort to integrate the state Emergency Shelter Assistance Program (ESAP) and the ESGP, the use of ESGP funds will be limited to providing operating support and essential services for emergency shelters. Since homelessness prevention services may be provided by ESAP and capital projects may be funded by the state's Housing Trust Fund program, the greatest need for

ESGP resources has been to provide operating support and services for emergency shelters. Applicants may choose to fund one activity or a combination, depending on the priorities in their local Continuum of Care plan.

Grant Awards

CTED will award grants and make funds available to approved applicant organizations within 65 days of HUD's approval of Washington State's application. The approved applicant organization may be a private, non-profit organization, a public housing authority or a local government serving as a lead agency contractor for the county. As the lead agency, the contractor will pass funds through to participating agencies in the county to provide eligible housing and homeless services.

Recaptured Funds

CTED will make any recaptured amounts available to other units of local government or non-profit organizations in non-formula areas as soon as possible after funds have been returned. There are two criteria for the distribution of recaptured funds: (1) the extent to which the applicant demonstrates an immediate and critical need for assistance in serving the homeless; and, (2) the extent to which the applicant can demonstrate the ability to use the funds promptly.

HOUSING OPPORTUNITIES FOR PEOPLE WITH AIDS PROGRAM (HOPWA)

Allocation of Funds

CTED will coordinate with the AIDSNET Regional Coordinators throughout the state to distribute the HOPWA funds allocated to the state on a formula basis. This strategy will allow for maximum flexibility and local control of the use of funds. Funding will be distributed to Washington State's AIDSNET regions based on the number of surviving AIDS cases in each county as reported by the Department of Health. CTED will reserve the right to adjust or redistribute a region's allocation if ineligible activities are proposed, insufficient information is provided in the application, or if an appropriate lead agency is not identified to administer the HOPWA contract in the local area. Counties that already receive formula allocations as an eligible metropolitan area (King, Snohomish, Island, and Clark as part of the Portland EMSA) will be excluded from this process.

Geographic Network

Service providers in each AIDSNET region will be responsible for collaborating in the selection of a lead agency for their region. The lead agency will organize a local process to decide how the regional HOPWA allocation will be used and which project sponsors will be selected to provide services. CTED will contract with the designated lead agency that will be responsible for passing funds through to the local project sponsor.

Eligible Activities

Eligible activities will be all those allowable under the HOPWA guidelines, including facilities and community residences, rental assistance, short-term payments to prevent homelessness, technical assistance, supportive services and other activities, subject to the standards and limitations provided in the regulations at Rule 574.300(b).

COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM (CDBG)

Program Mission

The mission of the Community Development Block Grant Program is to improve the economic, social, and physical environment of eligible cities and counties in ways that enhance the quality of life for low- and moderate- income residents.

Funding Priorities

CDBG staff members use three levels of criteria to determine whether or not a grant will be made to a local government for a proposed project. First, staff determine if a project is an eligible activity according to the federal statutory requirements that govern the program. All CDBG-funded projects must meet one of three "national objectives" listed below. Second, staff review the proposed project to determine whether or not it meets the conditions for funding that have been established by state program policy. Based upon experience, these conditions have proven to be indicators of a successful project. Third, staff determine how a project fits the overall program's priorities as established by rating and review processes that are specific to each of the state's separate CDBG grant funds. The criteria for each level of review are:

National Objectives:

To be funded, an eligible project must meet at least one of the following three federal (HUD) requirements:

1. Principally benefit persons with low- to moderate- income;
2. Prevent or eliminate slums or blight; or
3. Address an urgent community development need, which poses a serious and immediate threat to health and safety.

Community Development Block Grant Program Conditions for Funding:

According to program policy, funds are awarded for eligible projects that meet the following conditions:

1. There is a compelling need for public assistance;
2. A feasible technical solution to the problem or opportunity being addressed has been identified and agreed to by affected citizens, the local government and the appropriate regulatory agencies;
3. There is a clear and feasible plan for implementing the project and maintaining its operation into the foreseeable future; and
4. There is credible evidence that the results will be commensurate to the amount of public funds requested.

CDBG Program Funding Priorities

In order to be funded, a project must rank high in comparison to other similar projects on a state and local level using the following priorities:

1. The project addresses a public health and safety issue; or

2. It improves essential services to low- and moderate- income persons; or
3. It completes a specific and necessary step in a broader community development strategy.

Allocation of Funds:

CDBG funds received by the State of Washington for the program year will be distributed to eligible non-entitlement communities through the following programs and funds: General Purpose Grants; Housing Enhancement Grants; Community Investment Fund; Public Service Grants; Planning-Only Grants; Imminent Threat Grants; Supplemental Grants; Rural Washington Loan Fund Loans; CDBG Float Loans; and the Section 108 Loan Guarantee Program. The estimated amount of funds available for each program is listed in Table 1A.

The Community Development Block Grant Program is designed to principally benefit low- and moderate-income persons by providing grants to cities and counties. Eligible activities to assist the state's WorkFirst (welfare reform) efforts to move people from welfare to jobs are encouraged. Examples include job creation, worker training, microenterprise development, and community facilities designed for training, daycare, and work skills development.

The state's CDBG resources are divided into six funds or programs, each of which uses a different method of distribution:

- The General Purpose Program distributes funds to eligible jurisdictions following an annual statewide competitive application process.
- The Public Service Fund is distributed using a funding formula to eligible counties that in turn rely upon Community Action Agencies as sub-recipients for administration and service delivery that benefit low-income individuals.
- Housing Enhancement Grants are available to combine with loans from the state's Housing Trust Fund (HTF) grant requests for activities that are essential to a project's success but cannot be funded using other resources. Housing Enhancement Grants are also available for projects that support permanent and temporary shelter options for migrant farm workers. Applications are made in coordination with the HTF Program.
- Planning-Only Grants (POG) are available to eligible jurisdictions to plan the implementation of priority projects that principally benefit low- and moderate- income people. POG funds may also be used to develop capital facilities plans, provided that the applicant community can substantiate the need for funding and can demonstrate the long-term value of the plan to be completed.
- The Community Investment Fund distributes resources in support of locally identified projects that have emerged through the Washington Community Economic Revitalization Team priority process (WA-CERT), or the Federal Rural Enterprise Initiative. Funded projects provide benefits to low- and moderate-income individuals through projects that are also significant on a sub-state, regional or countywide basis in terms of economic diversification and community stability. Project selection is made on a funds available basis, using a collaborative process that includes federal, state, and local funding sources.

- A Contingency Fund is reserved to provide supplemental funding for projects that have unforeseen needs and for Imminent Threat grants to jurisdictions that are facing urgent needs with potential for impact on public health and safety and are beyond their ability to address. Awards are made on a funds available basis. In the event that funds which were planned to be distributed in one of the above described CDBG Programs remain unused (not obligated to grantees) or are recaptured at the end of the program year they are added to the contingency fund.

A complete description for each program or fund, including application requirements, eligibility guidelines, method of funding and award processes follows. For an estimate of the maximum amount available for each program or fund, see Table 2A on page 24.

The actual distribution of funds available for the CDBG Program will be guided by the eligibility guidelines and selection criteria described in the 2003 application materials and handouts for the General Purpose, Housing Enhancement, Community Investment Fund, Imminent Threat, Planning-Only and Public Service Programs. In addition, information is available in the 2003 RWLF Guidelines, the Section 108 Loan Guarantee Guidelines, and the CDBG Float Loan Qualifications. Not less than 70% of the CDBG funds received by Washington State during the past three years will be used for activities that benefit persons of low- and moderate- income. Each CDBG subprogram, including Section 108 Loan Guarantees, must demonstrate that at least 51 percent of the beneficiaries of each requested activity are low- and moderate- income persons or households, and/or prevent or eliminate slums or blight.

Funding Limits for Specific CDBG Activities

There are four statutory limits on the amount a state can spend for specific eligible activities under the CDBG program. The state is not allowed to use any more than two percent of its total annual award for program administration carried out by state staff in operation of the program, or one percent of its annual resources for any aspect of technical assistance conducted directly by state staff. These limits have been in affect since 1982.

In addition, the state is also restricted from using any more than 15 percent of its annual allocation for public service activities, and 20 percent for planning activities (including administration carried out by the state). Eligible activities for CDBG public service and planning resources are described below.

CDBG Public Service Funds

The state CDBG Program can respond to locally-determined public service priorities through a variety of methods, including technical and financial assistance. Financial assistance for public service activities can be accessed as:

- Part of a comprehensive CDBG grant in support of a larger project, such as a community facility or housing project;
- A General Purpose or Community Investment Fund Grant for a new public service or a quantifiable increase in a public service;
- An Imminent Threat Grant in direct response to an urgent public health and safety need; or,
- A stand alone Public Service Grant.

The state will ensure that the annual aggregate funding committed to public service activities will be no more than 15 percent of its annual award.

The purpose of funding local public service activities is to:

- Encourage the creation or substantial enhancement of comprehensive public services integrated with local programs and agencies to benefit low- and moderate-income persons.
- Reduce poverty, revitalize low-income communities and empower low-income families and individuals in rural areas to become fully self-sufficient.
- Improve essential services to low- and moderate-income persons.

Examples of how public service dollars can be used by local governments and their sub-recipients include:

- Operating and administration costs for vans that target service to low-income workers in under-served rural communities.
- Administration costs for carpool management projects that eliminate transportation barriers for participants in Work First programs.
- First time homebuyer counseling for low-income families.

Since public service funds are limited, it is very important for local jurisdictions to coordinate development of application proposals that include public service activities with CDBG staff.

CDBG Planning Funds

The state CDBG Program can respond to locally determined planning priorities through a variety of methods, including technical and financial assistance. Financial assistance for planning activities can be accessed as part of a comprehensive CDBG grant in direct support of a construction or housing project; as an Imminent Threat Grant in direct response to an urgent public health and safety need; or, most commonly, as a stand alone Planning-Only Grant. All CDBG planning resources must be used for projects that will principally benefit low- and moderate-income persons. The state will ensure that the aggregate funding of these planning activities will stay within the state's 20% of HUD's annual award cap for planning and administrative costs.

Resources for planning have most commonly been accessed by local governments and their sub-recipients through the Planning Only Grant Program (see program description starting on page 37). Planning funds can be of significant benefit to local and regional projects. Some of the ways planning resources can be used are:

- For regional economic development purposes such as conducting an analysis of regional competitiveness issues, identifying key businesses, analyzing changing market characteristics and understanding a town, county or region's leading industries as a means of planning for specific ways of assisting job creation for low- and moderate-income persons.
- To conduct housing market studies for specific projects or activities that will assist low-income persons.
- To conduct essential project planning that may include mediation and facilitation activities that are directly related to creating and completing a plan.

- Developing Capital Facilities Plans for communities that have populations comprised of 51% or greater low- and moderate-income households.

In addition to allocating CDBG funds for planning as stand alone Planning Only Grants, from time to time it is critical to a project's success to have a planning element that is integrated with construction activities as part of a General Purpose, Community Investment or Housing Enhancement Grant. For example, some projects benefit from involvement of tenants, families or workers in the final stages of a projects completion as a means of maximizing the success of a facility or housing design. In other circumstances, where there is concern on the part of the state in the overall readiness or capacity of a local jurisdiction or its sub-recipient to carry out a project, additional funds allocated for planning may be a contingency of providing funds for a project. In these circumstances, CDBG staff will negotiate with the prospective local government jurisdiction as to the amount and type of additional planning resources that will be allocated. Guidance for determining these allocations will be derived from the General Purpose Program's rating and selection criteria pertaining to project need and readiness.

Minimum Performance Standards

The Department of Community, Trade, and Economic Development (CTED) reserves the right to deny, review, or fund applications that include the involvement of jurisdictions or organizations with serious unresolved audit findings related to performance or capacity.

Further, CTED reserves the right to postpone project contracting or to deny funding if there is a significant problem with previous grantee performance. In such situations, the grantee is responsible for development and initiation of corrective action satisfactory to CTED. Upon request, CTED will provide technical assistance to the community to help ensure timely completion of approved project activities.

2003 COMMUNITY DEVELOPMENT BLOCK GRANT

TABLE 2A:

DESCRIPTION OF PROPOSED USES (Estimated Resources)	ESTIMATED RESOURCES AVAILABLE
ADMINISTRATION See page 21.	\$420,000
TECHNICAL ASSISTANCE (1% of state grant) See page 21.	\$160,000
GENERAL PURPOSE GRANTS The amount indicated will be available for new grant awards. See page 26.	\$ 7,000,000
PUBLIC SERVICES GRANTS The amount indicated will be available for new grant awards. See page 31.	\$ 1,775,000
HOUSING ENHANCEMENTS GRANTS The amount indicated will be available for new grant awards. See page 34.	\$ 1,000,000
PLANNING-ONLY GRANTS The amount indicated will be available for new grant awards. See page 37.	\$ 400,000
COMMUNITY INVESTMENT FUND The amount indicated will be available for new grant awards. See page 42.	\$ 4,845,000
IMMINENT THREAT, SUPPLEMENTAL & ENHANCEMENT GRANTS The amount indicated will be available for new grant awards. See page 45. NOTE: The ultimate amount of funds obligated for Imminent Threat, Supplemental or Enhancement Grants may increase depending upon the amount of funds available from recaptured funds and program income. See Contingency Fund notes on page 48.	\$ 400,000
TOTAL 2003 CDBG ALLOCATION	\$ 16,000,000

SECTION 108 LOAN GUARANTEES

Table 2B:

DESCRIPTION OF PROPOSED USES	MAXIMUM AVAILABLE
<p>Section 108 Loan Guarantees</p> <p>The State of Washington will pledge up to \$18,000,000 of its future CDBG resources in order to secure Section 108 Loan Guarantees for CDBG eligible activities. Although this pledge does not immediately reduce the state's CDBG allocation, future reductions due to payment default may result in the reduction of the state's annual award. Reductions to the state's annual award will be absorbed by the contingency fund. Reductions in excess of the available balance within the contingency fund will be absorbed proportionally by all CDBG programs. Net reductions occurring in program year 2002 totaled \$425,534.</p>	\$18,000,000

RURAL WASHINGTON LOAN FUND

Table 2C:

DESCRIPTION OF PROPOSED USES	MAXIMUM AVAILABLE
<p>Rural Washington Loan Fund</p> <p>The RWLF Program exchanges state appropriated funds with CDBG funds. This exchange of funds does not reduce the state's CDBG allocation. Up to \$500,000 of additional resources will be made available from the state's annual CDBG award if RWLF has exhausted its funds.</p>	\$ 6,000,000

CDBG FLOAT LOANS

Table 2D

DESCRIPTION OF PROPOSED USES	MAXIMUM AVAILABLE
<p>CDBG Float Loans</p> <p>Float Loans are fully secured loans made in support of CDBG eligible activities. The capital that is made available through Float Loans comes from unexpended CDBG awards to local governments for infrastructure projects.</p>	\$ 20,000,000

Fiscal Year 2003 CDBG General Purpose Grants

General Purpose Grants are generally made available annually, on a competitive basis, to assist eligible cities, towns, and counties in carrying out significant housing, economic development, community facilities, public facilities, and comprehensive projects which principally benefit low- and moderate- income persons.

In 2003, all applications for General Purpose Grants will be considered according to their coordination and linkages with supporting activities and funds; the gap being filled with CDBG funds; the reduction of financial burden to low- and moderate-income households; and overall community need. The maximum grant for General Purpose applications is \$750,000.

Amount of Funds Available

Approximately \$7,000,000 of funding is available during 2003 for General Purpose Grants.

Application Guidelines

Applications must **be submitted on or before November 14, 2002**. An application is considered submitted if it is postmarked or hand-delivered on this date and contains all the elements necessary to pass threshold review. Applications postmarked or hand-delivered after this date will not be accepted. A list of applicants who are to receive 2003 General Purpose Grants will be published.

Application Requirements

- Each eligible jurisdiction may submit one General Purpose Grant application requesting up to \$750,000 in grant funds during the 2003 General Purpose Grant funding competition, except for projects that propose to use a majority of the funds requested for housing rehabilitation activities. General Purpose applications for housing rehabilitation are limited to \$500,000 per request. CTED reserves the right to make a grant offer for more or less than the amount requested, up to the maximum grant amount.
- An applicant may request funds for a project in any one of five program areas: housing, economic development, community facilities, public facilities, and comprehensive. Each applicant must demonstrate that at least 51 percent of the beneficiaries of each proposed activity in the application are low- and moderate-income persons.
- Applications including a combination of related activities in one or more program areas are considered to be comprehensive. These projects are broader in scope or concept than projects principally addressing a single need or program area. The activities must be related and coordinated to achieve more results than would be possible when singly addressed.
- Detailed instructions and requirements for developing a General Purpose Grant proposal and application will be provided in the 2003 CDBG Program General Purpose Grant Application Handbook.

Eligibility Guidelines

Eligible Applicants

Eligible applicants are cities and towns with less than 50,000 population or counties with less than 200,000 population, provided the cities, towns, and counties **do not** participate as members of HUD Urban County Consortiums.

Indian tribes and special purpose organizations such as public housing authorities, port districts, community action agencies, and economic development councils, are not eligible to apply directly to the CDBG Program for funding. However, eligible jurisdictions may choose to serve Indian tribes within their jurisdiction or to involve special purpose organizations in the operation of projects funded under the program.

Eligible Activities

A variety of housing, community facilities, public facilities, public service, planning, and economic development activities are eligible for CDBG General Purpose Grant funding. A complete listing of eligible and ineligible activities can be found in Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended, and 24 CFR Part 570.201.

Ineligible Activities

As a general rule, activities which are not specifically identified as eligible in Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended, and 24 CFR Part 570.201 are considered to be ineligible. Prospective applicants are encouraged to consult with CDBG Program staff if they have questions concerning the eligibility of proposed activities.

Method of Funding Distribution

The selection process for new General Purpose Grant proposals consists of three stages: threshold review; rating and selection; and announcing recipients.

Threshold Review

Threshold review is conducted to ensure that the application is complete and timely, administrative plans and assurances of compliance with applicable state and federal laws and requirements are included, and all required statements and certifications are adequate.

No points are awarded during this stage. Applications that fail to meet minimum threshold requirements **will not** advance to the rating and selection stage. Incomplete applications that meet the minimum threshold requirements will be rated based on the application received. When conducting the threshold review, CDBG Program Staff may contact the applicant to resolve threshold issues; however, new information will not be requested or accepted after the application deadline.

As part of the threshold review, each application will be screened to ensure that the appropriate maximum average CDBG cost per benefited household is not exceeded. The average CDBG cost per household benefiting must be equal to or less than the following:

Program Area	Maximum Average CDBG Cost Per Household
Housing	\$25,000 ***
Economic Development	\$10,000
Community Facilities	\$10,000
Public Facilities	\$10,000
Comprehensive	Above amounts as applicable

***Up to \$35,000 per unit for projects that include lead-based paint mitigation activities.

Rating and Selection

Applications will be evaluated and scored by review teams in five separate groups corresponding with the five primary program areas of housing, economic development, community facilities, public facilities, and comprehensive. When applications containing unrelated activities in one or more program areas are received, the activities will be rated separately by program area. In this situation, the application's total score will be the average sum of the proportionally weighted points awarded to each program area. Applications that include a combination of related activities in one or more program areas coordinated to achieve greater results than possible if addressed singly, are considered comprehensive and will be rated in that program area. CTED may consult with informed third parties including local, state, and federal agencies and may make site visits to assist in the rating and selection stage.

Applications receiving scores above the minimum score of 65 points will be awarded funding in rank order. Any remaining funds will be transferred to the Contingency Fund for distribution. Applications will be evaluated and assigned points based on the following:

	Maximum Possible Score	% Total
Need	25 points	25%
Capacity	25 points	25%
Readiness	25 points	25%
Results	<u>25 points</u>	<u>25%</u>
Total Maximum Score	100 points	100%

All applications will include the same elements; however, the basis by which points are awarded for each criterion will be different for each program area (i.e., housing, economic development, community facilities, public facilities, and comprehensive). Applications will be evaluated the criteria identified in the following sections. The scores derived for each rating criterion are determined by evaluating the information provided by applicants that address similar activities. A final ranked list is established by evaluating the level of public benefit to be achieved by each project. The ultimate goal of the General Purpose rating and selection process is to select projects that are most likely to provide the highest possible return for the public funds invested; as determined by the public benefit to be achieved.

Need Statement Rating Criteria (25 points- maximum score)

The Need Statement will be evaluated on a comparative basis taking into account:

- A comparison of the relative hardship* (difficulty) and frequency** (pervasiveness) of the identified need.
- Whether or not mandated corrective actions have been ordered.
- Clarity of the need, evidence of the need and credibility of documentation.
- Documentation as to whom is affected by the need, including both the impact on the community at large and low- and moderate- income persons. Estimation of what would happen if nothing were done.

* Hardship (difficulty) = Extreme privation: suffering. We are looking for ways to quantify your problem.

** Frequency (pervasiveness) = How often something occurs. Does your need occur occasionally or every day?

Capacity Statement Rating Criteria (25 points- Maximum Score)

The Capacity Statement will be evaluated on a comparative basis, taking into account:

- Past efforts and/or attempts to address the need.
- Whether or not the jurisdiction (and participating sub-recipients) has/have the capacity and authority to address the need on their own.
- Capacity of the jurisdiction (or responsible sub-recipient) to operate and manage the project in the foreseeable future.
- Financial need – availability (or unavailability) of local resources.

Readiness Statement Rating Criteria (25 points-maximum score)

The Readiness Statement will be evaluated on a comparative basis taking into account:

- Certainty that the project as proposed is technically feasible, cost effective and the most appropriate alternative.
- Evidence that the time between contract award and the point at which the public benefits will begin is minimal.
- Completeness of the Work Plan Narrative and Work Plan Form.
- Demonstration that the proposed project is consistent with past planning efforts, or if not, the clear reason why.
- Documentation demonstrating strong agreement among all interested and affected parties that the project as proposed is necessary and appropriate.
- Thoroughness of the Budget Narrative and Budget Forms.

- Extent to which all necessary financial and non-financial project participants are firmly committed and involved at the point of application.
- Whether or not the necessary relationships between the organizations needed to make the project work in the long-term are clearly established and appropriate.

Results Statement Rating Criteria (25 points-maximum score)

The Results Statement will be evaluated on a comparative basis taking into account:

- Degree of certainty that the project will produce outputs* and outcomes** that are commensurate with the amount of public resources provided and secured.
- Benefit of the project to persons and households that are both above and below the low- and moderate- income level within the intended service area.
- Methods that will be used to measure results and how this information will be used and reported.
- Relationship between the proposed project approached and the degree to which it will meet the applicant's need.

* Outputs = things that you can count (quantify). For example, the number of people to be served by a project.

** Outcomes = How people will benefit from the project (quality). For example, what difference will the project make in an individual's life?

Announcing Recipients

When the rating process is complete, funding recommendations will be made to CTED management for those most highly ranked projects up to the total amount of funds available for 2003 General Purpose Grants. Applications must receive a minimum of 65 points in order to be eligible for a grant award. After receiving management approval, legislators will be notified and all applicant communities will receive written notice of rating process results. Technical assistance will be available to all unfunded applications. Additional funds above the amount of \$7 million dollars that is to be initially allocated to the General Purpose Program may be made available if the state's annual allocation for the 2003 program year exceeds \$16 million dollars.

Fiscal Year 2003 Public Services Grants

The Department of Community, Trade, and Economic Development provides a portion of its annual CDBG award for Public Service Grants to eligible counties and Community Action Agencies (CAA). Funding allocations will be made on a formula basis and contracts established with an eligible county interested in working with a CAA as a sub-recipient. It is possible for eligible jurisdictions to apply for all other CDBG Program funds within the same program year. No more than 15 percent of the state's full 2003 CDBG grant from HUD will be available for Public Service Activities.

Amount of 2003 Funds Available

A fund of no more than \$1,775,000 has been set aside for the purpose of making Public Service Grants available on a formula basis to CAAs serving non-entitlement communities through their local eligible county.

Application Guidelines

Application Deadline

Counties and their CAA sub-recipients will be invited to apply for awards for the 2003 program year. Contracts must be complete prior to disbursement of 2003 funds.

Application Requirements

- Application materials will be made available no later than November 15, 2002.
- Funding will be made on a formula basis as determined to be consistent with agreements forged with CAAs by administrators of the Community Services Block Grant staff and approved by the U.S. Department of Health and Human Services.
- Applicants for formula grants must meet all CDBG submittal requirements before contracts will be fully executed. This includes Section 102 Disclosure Report Form, public hearing, and other CDBG requirements.

Eligibility Guidelines

Eligible Applicants

Eligible applicants for the Public Services Grants are counties serving all or a portion of the local CAA's service region as long as none of the service region contains counties with more than 200,000 population and the county does not serve as a HUD Urban County Consortium.

For CAA's that serve both entitlement cities within a non-entitlement county, CDBG funds will be used for eligible programs that target and benefit residents of the non-entitlement areas.

Minimum Performance Standards

CTED reserves the right to postpone or suspend project contracting if there is a significant problem with previous grantee performance. Upon request, CTED will provide technical assistance to ensure timely completion of approved project activities.

Eligible Activities

CDBG Public Service Grants may be used for a variety of public service activities, which focus on the needs of low-income persons in the community. A complete listing of eligible activities can be found in Section 105 (a) of Title I of the Housing and Community Development Act of 1974, as amended, and 24 CFR 570.201(e). In general, the eligible public service activities are those which are directed toward improving the community's public services, including but not limited to those concerned with:

- Employment
- Crime prevention
- Child care
- Health
- Drug abuse
- Education
- Fair housing counseling
- Energy conservation
- Welfare
- Recreational programs

Ineligible Activities

In general, any activity not described in the reference above or any activity that does not benefit low-income persons (defined as having a total annual income of 50% or less of a county's median income) is ineligible for consideration. In addition, CDBG Public Services Grants may not be used to fund:

- Political activities.
- Payments to individuals for their food, clothing, utilities, or other income payments.
- Capital costs.
- Housing Rehabilitation.

Method of Funding Distribution

Of the state's 31 CAAs, 15 serve clients in non-entitlement counties. The distribution of CDBG Public Service dollars is based on a formula that has been negotiated with the state's CAAs. This formula is described in the 2003 Washington State Plan for the CSBG Program. In order to ensure that CDBG funds non-entitlement communities only, a distribution schedule was developed in which all CAA's would receive about the same amount of funding under the formula. A list of the Washington State Community Action Agencies and formula distribution is listed in the following table.

TABLE 3:**MAXIMUM 2003 CDBG PUBLIC SERVICE CONTRACT AMOUNTS**

County	Sub-recipient Community Action Agency	COUNTY ADMIN \$	CAA TOTAL	CDBG TOTAL
Asotin	Community Action Agency, Idaho	3,000	34,244	37,244
Chelan	Chelan/Douglas CAC	3,000	128,937	131,937
Cowlitz	Lower Columbia CAC	3,000	127,131	130,131
Grant	North Columbia CAC	3,000	143,625	146,625
Grays Harbor	Coastal Community Action Program	3,000	141,906	144,906
Jefferson	Olympic Community Action Programs	3,000	124,646	127,646
Kittitas	Kittitas County Action Council	3,000	99,009	102,009
Okanogan	Okanogan County CAC	3,000	110,672	113,672
Skagit	Skagit County CAA	3,000	119,135	122,135
Skamania	Klickitat/Skamania Development Council	3,000	95,214	98,214
Stevens	NE WA Rural Resources Development Assn.	3,000	115,150	118,150
Thurston	CAC of Lewis, Mason & Thurston Counties	3,000	99,675	102,675
Walla Walla	Blue Mountain Action Council	3,000	116,009	119,009
Whitman	Community Action Center	3,000	110,318	113,318
Yakima	Yakima Valley Farm Workers Clinic	3,000	164,329	167,329
TOTALS		\$45,000	\$1,730,000	1,775,000

Program Year 2003 CDBG Housing Enhancement Grants

CDBG Housing Enhancement Grants are made available to provide flexible companion funding for competitive applications to the Housing Finance Unit (HFU). The purpose of the Housing Enhancement Grant Program is to streamline the financing of eligible housing projects by preventing the need to wait until a General Purpose funding cycle in order to receive CDBG assistance. CDBG Program funds will be available for those projects located in eligible jurisdictions, and when the local jurisdiction agrees to support the project. It is possible for eligible jurisdictions to apply for all other CDBG Program funds within the same program year.

Amount of Funds Available

A fund of up to \$1,000,000 will be set aside for the purpose of making Housing Enhancement Grants available to be used with funded Housing Finance Unit.

Eligibility Guidelines

Eligible Housing Enhancement Grant Recipients

Eligible recipients of Housing Enhancement Grants are cities and towns with less than 50,000 population or counties with less than 200,000 population provided that the cities, towns, and counties **do not** participate in HUD Urban County Consortiums.

Applicants to the companion funding sources which are not eligible to receive CDBG funds directly, such as nonprofit community or neighborhood-based organizations, local housing authorities, tribal housing organizations, and regional or statewide nonprofit housing assistance agencies, may seek access to the CDBG Housing Enhancement Grants through the eligible city or county where the project is located.

Application Guidelines

Application Deadline

CDBG Housing Enhancement Grants are made in accordance with the Housing Finance Unit application processes. Announcements of CDBG funding reservations will be announced in coordination with Housing Finance Unit application processes.

Application Requirements

Housing Enhancement Applications should address the following areas for review:

- Funding gap analysis that identifies the need for CDBG funds and explains why other sources are not available to fill the identified gap.
- Certifications by eligible applicant jurisdiction demonstrating completion of federal citizen participation and disclosure requirements.

Eligible Activities

CDBG Housing Enhancement funds are available to cover project costs that cannot be paid for using Housing Trust Fund dollars, but are essential to the project's overall success. Examples of eligible costs include off-site infrastructure that is essential to a housing project and is considered an ineligible cost to the Housing Trust Fund. Housing Enhancement funds can also be used to pay for the non-housing costs of projects that are an integral part of a comprehensive project. An example would include the costs of a day care facility that has been incorporated into the design of a project that is requesting Housing Trust Fund support.

A complete listing of eligible activities can be found in Section 105 (a) of Title I of the Housing and Community Development Act of 1974, as amended.

Ineligible Activities

In general, any activity not described in the reference above, or any activity which does not benefit low-income persons, is ineligible for consideration. In addition, CDBG Housing Enhancement Grants may not be used to fund:

- New housing construction (including service connections)
- Costs of equipment
- Furnishings
- Personal property not an integral structural fixture such as window air conditioners, washers, or dryers
- Installation of luxury items, such as a swimming pool

Method of Funding Distribution

The selection process for CDBG Housing Enhancement Grant applications consists of two stages (1) Companion funding sources' evaluation; and (2) CDBG evaluation.

Companion Funding Source Evaluation

Applications will first be reviewed using the applicable guidelines. Housing Enhancement pre-applications are available to assist eligible jurisdictions determine the basic eligibility of their proposed project.

Award Requirements

- Application is approved for funding by the Housing Finance Unit
- Jurisdictions applying for Housing Enhancement Funds must meet federal citizen participation and disclosure requirements.

CDBG Evaluation

When applications to the companion funding sources have been evaluated and are ready for funding, they will be reviewed to determine if CDBG Program funds can be appropriately used in the project. Projects located in eligible jurisdictions will be funded when CDBG funding is available and appropriate. Consideration will be given to funded projects having the following characteristics:

- Project is located in an eligible city or county;
- CDBG funds will fill a financing gap;
- CDBG funds cover costs that cannot be paid for by other funding sources; and

- The amount required does not exceed \$1,000,000.

When a project is identified for consideration, program staff will notify the funding agency, housing developer, and the local jurisdiction.

Eligible jurisdictions will then be informed of the potential grant offer and given an opportunity to participate with the applicant in the project by:

- Meeting the federal citizen participation requirements, including conducting a public hearing;
- Agreeing to comply with the required federal and state certifications; and
- Agreeing to be responsible for the CDBG portion of the project.

Fiscal Year 2003 CDBG Planning Grants

The purpose of funding local planning activities is to increase the capacity of eligible cities and counties to move forward on the implementation of priority projects which principally benefit low- and moderate-income persons. This increased capacity could be the result of:

- Essential knowledge gained,
- Local consensus achieved,
- Regulatory prerequisites met, and/or
- Necessary partnerships developed.

The CDBG Program seeks to achieve a measurable return on the investment of planning funds through cost-savings with implementation. Examples include:

- Determining feasibility before investment of construction funds.
- Identifying and addressing obstacles that could result in cost-overruns project delays or project failure.
- Considering and testing less expensive alternatives.
- Building consensus between local stakeholders or with regulatory agencies, reducing potential legal battles or project delays.
- Building local support and leveraging local resources, especially through long-term fiscal planning.
- Identifying regional partners and shared objectives to reduce duplication of effort.
- Establishing outcome measurements to guide and demonstrate successful implementation.
- Proactively addressing a problem, instead of reactively responding to a more expensive crisis in the future.

The methods for accessing funds for planning activities other than through a Planning-Only Grant application process can be found in the respective funds' sections of this Action Plan.

CDBG Planning-Only Grants

Program Purpose

To support eligible small communities and counties in carrying out planning activities that lead to the implementation of priority projects which principally benefit low- and moderate-income persons. Technical and financial assistance, through direct support and/or in partnership with other CTED programs, is available to achieve this goal.

National Objectives

All CDBG Planning-Only Grant projects must meet one of the two following national objectives of the CDBG Program (Title I, Housing and Community Development Act of 1974, as amended):

- To principally benefit persons of low- and moderate-income
- To prevent or eliminate slums or blight

Program Priorities

In addition, the project must address one or more of the Planning-Only Grant program priorities:

- To address public health and safety issues
- To improve essential services to low- and moderate-income persons
- To complete a necessary and specific step within a broader community development strategy
- To assist communities in meeting planning requirements that will principally benefit low- and moderate- income persons.

Funding Levels and Schedule

A fund of \$400,000 is available in 2003. Planning grants are limited to \$24,000 for a single applicant or \$40,000 for a joint application involving two or more eligible jurisdictions that share a common planning need. Pre-Applications are accepted and reviewed throughout the year, with awards made on a funds available basis. During 2003, we intend to evaluate the current limits of Planning-Only Grants. Depending on staff evaluation and comments/feedback by stakeholders, the maximum amount available for individual applications may increase during 2003 by amendment. This issue will be reconsidered in 2004.

Eligible Activities

The CDBG Program works collaboratively with other CTED Programs to provide technical and financial assistance for a wide range of planning activities. In general, the eligible planning activities include:

- Studies
- Analyses
- Capital Facility Plans
- Data gathering
- Identification of implementing actions
- Preparation of plans

A complete listing of eligible planning activities can be found in Section 105 (a) of Title I of the Housing and Community Development Act of 1974, as amended; and 24 CFR 570.205.

Ineligible Activities

In general, any type of activity not described in the reference above is ineligible for consideration. In addition, CDBG Planning-Only Grants may not be used to fund:

- General grant administration expenses;
- Engineering, architectural, and design costs related to a specific construction activity;
- Actual blue prints;
- Direct development of an application to any of the CDBG Program funds; or
- Other costs of implementing plans. (These costs may be eligible for CDBG funding as part of a CDBG construction grant.)

Method of Funding Distribution

The method of funding distribution and the basis for selecting applications for funding are outlined in the following steps of the Pre-Application and Application Processes:

1. Jurisdiction completes and submits Pre-Application Form.

2. Pre-Application passes or does not pass the CDBG Screening process, including -
 - Project addresses a program priority(s)
 - Project meets a national objective
 - Eligible applicant(s)
 - Eligible planning activity(s)
 - CDBG is the most appropriate funding source
3. The CTED Resource Team reviews the request and considers technical and financial assistance options.
4. CDBG Program invites the jurisdiction to apply or alternative options are identified.
5. Jurisdiction submits an application, including:
 - Threshold documentation and certification of compliance
 - Narrative
 - Work Plan
 - Budget
6. CDBG Program reviews application, including:
 - Threshold requirements are met, including public hearing documentation and an Interlocal Agreement (for joint applications only).
 - Narrative describes a compelling need/opportunity, community support for the proposed activity, clear outcomes to be achieved, and readiness to proceed.
 - Work Plan is thorough and well-conceived, including relationship with sub-recipients or consultants.
 - Budget is reasonable and complete, with appropriate leveraged resources.
7. Jurisdiction receives an award letter and begins the contracting process.

Award Review and Selection Criteria

To be funded, the applicant must provide complete and compelling information regarding their proposed project in the form of need, capacity, readiness and results statements. Examples of the type of information required for each statement follows. Application guidelines are available upon request.

1. Need Statement

- What is the opportunity, problem, or need the proposal seeks to respond to or address?
- Who is most affected by the opportunity, problem, or need? Tell us the number of people affected, how they are affected, and how often they are impacted.
- Is the project urgent? Does it address a public health and safety issue? Is the project responding to a state or federal requirement?
- Is this project a priority for the community, and how was that decided?

- Explain what will happen if nothing is done.
- How was the proposed planning project developed? Include key people, target groups, or organizations consulted, and the process used to involve the public.

2. Capacity Statement

- How able is your community to meet the need on its own? Has the community done everything that can be done locally? What specifically is the gap between need that can be met locally and the assistance needed from a Planning-Only Grant?
- What resources are currently committed to this project?
- Do you have staff capacity to address the need? Explain the organizational capacity of the responsible parties needed to conduct this planning effort.
- What is the proposed administrative plan for implementing the project and managing the funds?
- If there will be a subrecipient, describe the relationship between the subrecipient and applicant and who will have what responsibilities; including grant administration, procurement, oversight, etc.
- Describe the relationship between the jurisdiction and other project participants (i.e. contractors, consultants, organizations, citizen groups, and other governmental agencies) and how appropriate oversight will be maintained.

3. Readiness Statement and Work Plan

- Clearly describe the planning project and explain how it addresses the Need Statement.
- What is the basis for the approach taken? What options have been considered?
- How and when are the community or other interested parties involved in the solution and work plan activities? Include the required final public hearing, and review and approval process by stakeholders and governmental body.
- List obstacles which might affect the success of the planning project if funded, and describe how your work plan addresses these obstacles.
- In the Work Plan Form, list the tasks and time frames that will be accomplished during this planning process. Also, name the individual(s), consultant(s), or organizations responsible for carrying out each task.
- Clearly explain why the order, timing, and assignment of responsibility (as listed in the Work Plan) are appropriate.
- Is the project ready to go? If not, what else must be done before it is?

- Complete the Budget Forms. Explain assumptions, list funding sources pursued, and commitment of funding sources. Complete the Contact List. Include the name, phone number, and e-mail address of the appropriate contact for each of the funding sources.

4. Results Statement

- What are the short and long-term outcomes of the proposed planning project? List the final product(s) to be produced as a short-term outcome.
- How will the proposed plan benefit the community and low- and moderate- income persons? This can include both direct and indirect benefits.
- How many persons will benefit? How many households will benefit?
- How will you evaluate your project success?

In order to be reviewed, a final application must be preceded by a successful pre-application. Final applications will only be reviewed if the applicant was invited to apply. Projects will be reviewed and funded on a first-come, first-serve policy, according to the program rating and selection criteria.

Joint Applications

When two or more eligible jurisdictions are located in the same region and share a common planning need, they are encouraged to seek cooperative solutions by preparing a joint application. An Interlocal Agreement, signed by each participating jurisdiction, must be submitted with the application, if an invitation to apply is extended. Jurisdictions considering a joint application are encouraged to contact the CDBG Program to review eligibility and approval of expanded budget.

Relationship between Planning-Only Grants and other CDBG Funds

An eligible jurisdiction can apply for more than one type of CDBG funding or for more than one Planning-Only Grant within the same year. However, a jurisdiction (including a jurisdiction participating in a multiple jurisdiction project) will not be awarded more than one Planning-Only Grant per year, so the planning project of highest priority should be submitted first.

A Planning-Only Grant cannot fund the direct development of another CDBG application, although some activities which could support a subsequent application are eligible for Planning-Only Grant funding. Receipt of a Planning-Only Grant *does not* guarantee that a related CDBG application will be funded.

Fiscal Year 2003 Community Investment Fund Grant

CDBG Community Investment Fund Grants provide eligible jurisdictions the opportunity to access funds throughout the year for their priority community and economic development projects. Targeted technical assistance will be provided prior to and with each commitment of resources upon request. The commitment of resources will be reserved for those high priority, ready-to-proceed projects that need grant funding to be feasible and primarily benefit low- and moderate-income individuals.

Participating in the design and funding of community projects in this way represents a departure from the traditional competitive method of distributing grant funds. To facilitate this approach to project development, technical assistance will be provided to interested communities with high priority projects through the Washington Community Economic Revitalization Team (WA-CERT) scoping process, and on-site visits.

Eligible applicants participating in the WA-CERT and the Rural Enterprise Community programs will be given priority funding preference. In each of these programs, projects have been identified and prioritized through an inclusive county-wide selection process. Applications will be accepted for projects that have been identified as regionally significant through a collaborative process that includes representatives from federal, state, and local governments.

Eligible jurisdictions can apply for CDBG Community Investment Funds and all other CDBG Program funds within the same program year.

Amount of Funds Available

A fund of \$4,820,000 has been set aside for the purpose of making Community Investment Fund Grants available to eligible local governments. Any remaining funds (not obligated) at the end of the program year will be carried to the next program year for use in the Contingency Fund.

Pre-Application Guidelines

Pre-Application Windows

Pre-Application windows will coincide with the WA-CERT Process. High ranked applications (top 3 un-funded projects) received by the WA-CERT will be given priority consideration for CDBG funding during a scoping process.

Pre-Application Requirements

A Community Investment Fund Grant pre-application is available upon request and may be submitted for review at any time. Pre-applications include a two-page project summary as required by the WA-CERT.

Scoping and Follow-up

High ranked, un-funded applications will be “scoped” by members of the WA-CERT Economic Development Sub-committee and/or the CTED Resource Team to learn more about the project and determine the stage of readiness for the purpose of suggesting possible funding and appropriate technical resources. A project can be a high priority project without being “ready.”

A project is “ready” when it has a well-defined scope, plan, reliable budget, strong community support, and no problems that would prevent implementation as soon as funds are committed.

Eligibility Guidelines

Eligible Applicants

Any CDBG eligible non-entitlement jurisdiction that is participating in the federal Rural Enterprise Community Program or WA-CERT priority process is eligible to apply for a CIF grant.

Eligible cities and towns are those with less than 50,000 population or counties with less than 200,000 populations provided the cities, towns, and counties **do not** participate as members of HUD Urban County Consortiums.

Indian tribes and special purpose organizations such as public housing authorities, port districts, community action agencies, and economic development councils are not eligible to apply directly to the CDBG Program for funding; however, at the applicant jurisdiction's discretion, may participate as sub-recipient or project participants.

Eligible Activities

A variety of public facilities, economic development, housing, and community facility activities are eligible for CDBG Community Investment Fund Grants. A complete listing of eligible and ineligible activities can be found in Section 105(a) of Title I of the Housing and Community Development Act of 1974, as amended, and 24 CFR Part 570.201.

Ineligible Activities

As a general rule, activities which are not specifically identified as eligible in Section 105(a) of Title I of the Housing and Community Development Act of 1974 are considered to be ineligible. In addition, CDBG funds may not be used for general conduct of government business; to pay for lobbying activities, to purchase equipment, or to purchase, construct, or improve buildings used for the general conduct of government.

Method of Funding Distribution

The selection process for the CIF Grants proposals consists of several stages including pre-application submittal, preliminary scoping, on-site meetings with the prospective applicant, invitation to submit application, threshold review, and project evaluation.

Pre-application Submittal

- Pre-applications may be submitted at anytime. Pre-application forms are available upon request.
- Any funded CIF grant must principally benefit low- and moderate-income persons. “Principal benefit” is defined as 51 percent benefit to low- and moderate-income persons as determined by the most recent available HUD certified census data or a CDBG approved community survey.
- A CIF grant applicant must meet HUD’s requirements for citizen participation.

Preliminary Scoping

A scoping agent will be assigned to conduct an on-site preliminary review of the proposed projects. During this period, the project will be reviewed, inspection made, and a preliminary assessment of the project's readiness to proceed. A project is "ready" when it has a well-defined scope; reliable budget, strong community support, and no problems that would prevent implementation soon after funds are committed.

CTED Resource Team

The CTED Resource Team will review all potentially fundable projects. A Discovery Form summarizing the project, priority ranking on the WA-CERT list, key contact, amount of funding needed, and secured accompanies each project considered by the Resource Team. When presented to the Resource Team, a decision is made as to the type of assistance to provide, including additional technical assistance or partial or full funding of the project as proposed. When the Resource Team recommends a project for funding, a letter is sent to the applicant, inviting the jurisdiction to complete and submit a final CIF application.

Application Submittal

The jurisdiction will receive application final application materials with their invitation to apply.

- To be funded, a CIF application must demonstrate principal benefit to low- and moderate-income persons. "Principal benefit" is defined as at least a 51 percent of a project's overall benefit will be to low- and moderate-income persons.
- A CIF grant applicant must meet HUD's requirements for citizen participation.

Application Elements

All applications will include the same elements. Applications will consist of the jurisdiction's responses to the rating and selection questions used for the General Purpose Program Application. The applicant must also submit all required CDBG forms and certifications. The basis for which points are awarded will differ for each eligible program area (housing, economic development, public facilities, community facilities, and comprehensive). The evaluation criteria that will be used for each program area is listed within the 2003 General Purpose Application Handbook. Applicants must receive a minimum score of 65 points to be eligible for funding. The criteria used to rate CIF applications is identical to the General Purpose Program review criteria listed on page 29 of this Action Plan.

Project Evaluation

Final CIF applications will only be reviewed if the jurisdiction was invited to apply. All CIF projects are reviewed on a first come first served basis. However, pending applications will be funded based upon relative need and as funds are available. Critical elements of the project evaluation process includes a determination that:

- The project is ready to be fully implemented;
- The project principally benefits low- and moderate-income persons;
- The application meets the programs high score standard of 65 out of 100 points.

Fiscal Year 2003 CDBG Imminent Threat Grants

CDBG Imminent Threat Grant requests are eligible for awards from the CDBG Contingency Fund. Imminent Threat Grants are meant to provide an interim solution to problems of an urgent nature and that have a potential for impacting public health and safety in ways that cannot be effectively addressed through the General Purpose Grant application process. Imminent Threat applicants for infrastructure assistance will be reviewed by the Public Works Trust Fund (PWTF) for loan eligibility before consideration by the CDBG Program.

It is possible for eligible jurisdictions to apply for all other CDBG Program funds within the same program year.

Amount of Funds Available

CTED has set aside \$400,000 of the state's 2003 CDBG allocation within the Contingency Fund to address imminent threat needs of eligible applicants and grantees. Other funds that become available, such as those recaptured or carried forward from previous award years, may be added to the Contingency Fund or to other CDBG funds for viable projects. Thus, the total amount available in the program year may exceed \$400,000. Any unused Contingency Fund balance remaining at the end of a program year will be made available in the next distribution.

Application Guidelines

Application Deadline

Applications for Imminent Threat Grants may be submitted anytime during the 2003 program year.

Application Requirements

Applications for Imminent Threat Grants are considered if there is a unique, emergency need posing a serious immediate threat to the health or safety of a community. Imminent Threat Grant applications may be submitted in the form of a letter signed by the authorized chief administrative officer of the eligible jurisdiction. The letter must address the following requirements:

Describe the public health and safety problem. Specifically address:

- the cause of the threat/emergency in terms of a natural disaster or other unforeseen and unavoidable circumstance;
- the nature and extent of the threat to the public health and safety; including the number of people affected, area affected, etc.;
- whether the situation is presently causing substantial harm, or whether and how it poses a potential threat to life and property or both; and,
- Is the problem of recent origin; has it emerged within the last 18 months?
- Provide the name and telephone number of an official, independent of the jurisdiction, who is able to verify the threat to public health and safety.
- Does the threat/emergency constitute a situation unanticipated and beyond the control of the local government? What preventative actions were taken? Develop a chronology of actions.

- Can the situation be adequately managed to protect the public until the next competitive CDBG application cycle? If not explain.
- Provide a detailed scope of work to address the problem.
- Estimate schedule for project completion. Can the project be completed within 90 days?
- What alternative courses of action or designs are/were considered to address the immediate need on an interim basis?
- Identify any other jurisdictions/districts involved in addressing the project. Provide a point of contact and phone number for those jurisdictions/districts.
- Estimate project costs and funding sources for the proposed project. How and when have project cost estimates been made?
- What financial reserves are available to resolve some (or all) of the problem?
- What will be the likely results if this application is not accepted for CDBG funding?
- Briefly describe the maintenance program for the system in question.
- Has the jurisdiction been placed in fiscal distress due to other recent emergency public works incidents? If yes, please explain.
- Is this problem likely to happen somewhere else in the public works system at another time? How will you avoid the situation?

The applicant/jurisdiction can request technical assistance as it works through answering these questions. Documentation of each response will be necessary before funding will be approved, including a copy of the jurisdiction's declaration of emergency. The declaration of emergency must be provided prior to or with the above requested information. Imminent Threat projects are not required to principally benefit low- and moderate- income persons. The following certification and threshold requirements apply to Imminent Threat applications:

- Declaration of Emergency
- CDBG Resolution with Certification of Compliance
- Federal Disclosure Report
- Excessive Force Policy
- Residential Anti-Displacement and Relocation Assistance Plan
- Title VI Certification
- Citizen Grievance Procedure
- Environmental Review Form

Eligibility Guidelines

Eligible Applicants

Eligible applicants are cities and towns with less than 50,000 population or counties with less than 200,000 population provided the cities, towns, and counties **do not** participate as a member of HUD Urban County Consortiums.

Indian tribes and special purpose organizations such as public housing authorities, port districts, community action agencies, and economic development councils, are not eligible to apply directly to CTED for funding. However, eligible jurisdictions may choose to serve Indian tribes within their jurisdiction or to involve special purpose organizations in the operation of projects funded under the program.

Applicants for Imminent Threat Funds must be suffering from an immediate and urgent threat to public health or safety, verified by an independent source, and must not have financial capacity to solve the problem.

Eligible Activities

Imminent Threat funding is available to address problems immediately causing a threat to public health or safety. The solution must be compatible with CDBG eligible activities as described in the General Purpose Grants section. A description of minimum eligibility standards, as developed by HUD, can be found in 24 CFR Part 570.208(c).

Method of Funding Distribution

Application for Imminent Threat Grants and appropriate documentation are evaluated by CTED staff according to the questions identified above in "Application Requirements" and verified through contacts with independent sources and site visits, if deemed appropriate. The type and amount of assistance provided is based on an assessment of whether a serious, urgent, unanticipated threat to public health or safety exists, the scope of the need, the length of time the problem has been apparent, what preventive actions have been taken, proposed cost, how quickly the problem can be remedied, the applicant's financial capacity, and the availability of funding (i.e., from CDBG and other sources). The Imminent Threat review process is rigorous and intended to screen for only the most serious, emergency health and safety threats. If CDBG Contingency Funds are available, if the proposal is determined to meet the intent of the program, and if no other funding is available to the community, an Imminent Threat Grant may be awarded.

Fiscal Year 2003 CDBG Contingency Fund/Supplemental Grants

Supplemental Grant requests are eligible for awards from the CDBG Contingency Fund. Supplemental Grant awards are intended as a last resort funding option for grantees whose approved projects have encountered unanticipated cost overruns.

General Purpose, Planning-Only, Housing Enhancement and Community Investment Fund grant recipients may apply for a Supplemental Grant as well as an Imminent Threat Grant from the Contingency Fund during the same program year.

CDBG Enhancement Grants

Based upon fund availability (including program income), CDBG supplemental grants may also be awarded to jurisdictions that have been approved to receive funding from the Department of Community, Trade, and Economic Development's Drinking Water State Revolving Fund (DWSRF) and Public Works Trust Fund (PWTF). This approach is being proposed on a trial basis in 2003, due to the potential for receiving an annual CDBG grant that exceeds recent years. Jurisdictions must meet all CDBG eligibility requirements and applicable federal regulations. Projects must meet the General Purpose Program's high score standard requirements (see General Purpose Program rating criteria). Additionally, projects must be able to demonstrate a hardship posed for low- and moderate-income persons as a result of the structure of the current grant or loan financing and/or have experienced an unforeseen deficiency in funding that would cause hardship. Eligible projects will be screened to determine whether there is hardship posed upon low- and moderate-income people as a result of high utility rates due to new debt to be assumed from PWTF or DWSRF loans. All supplemental awards must principally benefit low- and moderate-income persons and be for activities that are ready to proceed and can be reasonably expected to be expended within eighteen months of a contract's execution.

Supplemental awards to loan recipients of the Drinking Water State Revolving Fund and Public Works Trust Fund will be made available as CDBG Enhancement Grants, and may supplant or add to funds from these programs up to an amount of \$750,000 per project. Project awards must conform to the CDBG General Purpose Program's maximum average cost per household. Projects will be reviewed on a first come first served basis following an invitation to apply provided to the appropriate eligible jurisdiction. Pending projects will be awarded grants based on comparative need and the overall availability of CDBG funds.

CDBG Enhancement Grants will only be provided when the CDBG Contingency Fund and or Program Income total exceeds \$400,000. Resources available in the CDBG Contingency Fund will be made on a priority basis first to CDBG Imminent Threat grant requests, second to existing CDBG contracts in need of supplemental funds and third to CDBG Enhancement Grants to projects approved by Department of Community, Trade, and Economic Development Companion Programs listed above.

Base Funding Allocation for Contingency Fund/Supplemental Grants

CTED has set aside \$200,000 of the state's 2003 CDBG allocation for a Contingency Fund to address supplemental funding needs of eligible applicants and grantees. Other funds, which become available, such as those recaptured during 2002, may be added to the Contingency Fund. Thus, the total amount available may exceed \$200,000. Any unused Contingency Fund balance remaining at the end of a program year will be made available for the next program year's funding distribution.

Application Deadline

Applications for Supplemental Grants or Enhancement Grants may be submitted anytime during the 2003 program year.

Application Requirements

Under normal circumstances, CTED will not grant additional funds to pay for costs, which exceed the originally approved project budget. However, subject to funds being available at the time of request, and CDBG funds not exceeding the original grant limit, CTED may authorize the use of Contingency Funds for unanticipated costs caused by circumstances beyond the reasonable control of the grantee provided that all other program requirements and objectives can be met. All supplemental funding actions must obtain CTED approval before any reimbursement of funds occurs.

A request for supplemental funding must be submitted in the form of a letter, signed by the authorized chief administrative officer of the eligible jurisdiction, which addresses the following questions and provides documentation for each response:

All applicants for supplemental funds must answer the following questions:

- Has the grantee received the maximum CDBG grant amount according to grant limits for the funding year? Under special circumstances, giving consideration to the maximum average CDBG cost per household by program area, total awards may be increased to 2003 award levels.
- Can the goals (or part of the goals) of the project be realized without additional funds? If no, why not?
- Could the need for additional funds have been reasonably anticipated? If yes, why were appropriate steps not taken to prevent project cost overruns?
- Can the need for additional funds be met through an internal budget procedure (i.e., using money designated for another line item?)
- Are there alternative courses of action available to solve the problem?
- Have all other sources of funding been exhausted?

For Enhancement grants, applicants must also provide responses to all applicable sections of the CDBG General Purpose Application as identified in a letter of invitation provided by the Department. Other information will be requested as needed to assume full compliance with state and federal regulations.

Eligibility Guidelines

Eligible Applicants

Eligible applicants are cities and towns with less than 50,000 population or counties with less than 200,000 population provided the cities, towns, and counties **do not** participate as a member of HUD Urban County Consortiums.

Applicants for Supplemental Funds must be recipients of a current CDBG Grant. Planning-Only Grants may be supplemented only when remaining Planning-Only Grant funds provide at least 51 percent of the full grant requested by the applicant.

Eligible Activities

Supplemental funding is available to complete previously approved CDBG funded activities in communities with existing CDBG contracts which do not exceed the maximum grant amount.

Method of Funding Distribution

Grantee requests will be subject to review for "reasonableness." Reasonableness will be determined by CTED's review of the applicant's response to the questions as listed above in "Application Requirements".

Fiscal Year 2003 Section 108 Loan Guarantee Program

Section 108 is the loan guarantee provision of the Community Development Block Grant (CDBG) program. Section 108 provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large scale physical development projects. Regulations governing the Section 108 program may be found at 24 CFR 570, Subpart M, "Loan Guarantees." For a current list of obligations to date, see Table 5 on page 66.

Although this pledge does not immediately reduce the state's CDBG allocation, future reductions due to payment default may result in the reduction of the state's annual award. Reductions to the state's annual award will be absorbed by the contingency fund. Reductions in excess of the available balance within the contingency fund will be absorbed proportionally by all CDBG programs. Net reductions occurring in program year 2002 totaled \$435,738.

Amount of Funds Available

The state will pledge up to its 2003 CDBG allocation to guarantee loans or \$18,000,000, whichever sum is greater. More resources may be made available, up to the maximum allowable by HUD, on a project-by-project basis at the discretion of the CTED Director. Prior to any increase in the CDBG Loan Guarantee above \$18 million, the Department will consider the following:

- The strength and currency of the existing portfolio of 108 Loan Guarantees.
- Losses accrued over the life of the program and the impact future losses may have upon the ability of the CDBG program to support future community development projects.
- An analysis of the overall impact of the project weighed against the risk of losing future CDBG resources.

Application Guidelines

Application Deadline

Applications for the Section 108 Loan Guarantee Program may be submitted throughout the 2003 CDBG program year.

Application Requirements

Applications for the Section 108 Loan Guarantee Program will be reviewed and approved by CTED staff. Applications must be submitted by eligible jurisdictions. Applicants may request a minimum of \$700,000 and a maximum of \$7 million. An eligible jurisdiction may submit more than one application each year; however, in no event shall a local jurisdiction receive more than \$7 million in outstanding Section 108 Loan Guarantees. Application guidance can be found in the Section 108 regulations at 24 CFR 570.704, "Application Requirements."

An application will consist of:

- Verification that all citizen participation requirements have been met;
- A loan guarantee request signed by the authorized chief administrative officer of the local jurisdiction;

- Evidence that a concerted effort was made to obtain alternative sources of financing and that such sources, both public and private, were either not available or were insufficient to meet the financing needs;
- A breakdown of total project costs;
- Sufficient financial history and projections to allow for a comprehensive risk assessment and the completion of a credit memorandum by staff that is in compliance with HUD's Underwriting Guidelines for Section 108 Applications;
- A source and use of funds statement;
- Documentation supporting the job impact or other impact to low-income persons;
- Assurance that all CDBG Program requirements will be met, and the HUD citations showing that the proposed activity is eligible and meets one of the national objectives (low-income benefit; removal of slum/blight or imminent threat);
- Evidence that the jurisdiction has complied with Citizen Participation Requirements, including at least one well publicized public hearing and the adoption of a CDBG Grievance Procedure; and
- Evidence that the applicant jurisdiction has passed a resolution with Certifications of Compliance authorizing submittal of the CDBG Section 108 Loan Guarantee application and certifying compliance with specific state and federal requirements.

Eligibility Guidelines

Eligible Applicants

Eligible applicants are cities and towns with less than 50,000 population or counties with less than 200,000 population provided the cities, towns, and counties **do not** participate as members of HUD Urban County Consortiums.

Indian tribes and special purpose organizations such as public housing authorities, port districts, community action agencies, and economic development councils, are not eligible to apply directly to CTED for funding. However, eligible jurisdictions may choose to serve Indian tribes within their jurisdiction or to involve the other organizations in the operation of projects funded under the Section 108 Loan Guarantee Program.

Eligible Activities

Section 108 Loan Guarantees are available for specifically allowed revenue producing CDBG eligible activities. Section 108 Loan Guarantee funds may be used for activities undertaken by a public entity or its designated public agency that will:

- Meet "appropriate" criteria as defined by HUD.
- Assure that all CDBG Program requirements will be met.

Activities eligible for Section 108 financing include:

- Economic development activities eligible under CDBG;
- Acquisition of real property;
- Rehabilitation of publicly owned real property;
- Housing rehabilitation eligible under CDBG;
- Construction, reconstruction, or installation of public facilities (including street, sidewalk, and other site improvements);
- Related relocation, clearance, and site improvements;
- Payment of interest on the guaranteed loan and issuance costs of public offerings;
- Debt service reserves; and
- In limited circumstances, housing construction as part of community economic development, Housing Development Grant, or Nehemiah Housing Opportunity Grant programs.

For purposes of determining eligibility, the CDBG rules and requirements apply. As with the CDBG program, all projects and activities must either principally benefit low- and moderate- income persons, or aid in the elimination or prevention of slums or blight, or meet urgent needs of the community.

Ineligible Activities

Activities not eligible for Section 108 Loan Guarantees include:

- Activities that do not meet "appropriate" criteria as defined by HUD.
- Activities that are ineligible under the CDBG program.

Requirements of Funding

The use of Section 108 Loan Guarantees will be considered only if the following requirements are met:

- The project meets the "appropriate" criteria, as defined by HUD.
- The project adheres to all CDBG Program requirements.
- The project complies with all applicable federal, state, and local laws and regulations.

Method of Funding Distribution

Applications for Section 108 Loan Guarantee Program funds will be evaluated on an individual basis using the following criteria:

- Need for the assistance (i.e. the assistance requested is "appropriate" for the project).
- The ratio of jobs created to Section 108 Loan Guarantee funds requested is reasonable for the type of activity proposed. HUD's requirement for individual businesses is a maximum of \$50,000 assistance per full-time equivalent, permanent job created or retained. CTED guidelines are flexible and average around \$25,000 in assistance per FTE job created or retained.
- The project adheres to all CDBG Program requirements.
- The proposed repayment term is 20 years or less.
- Other reasonable financing alternatives have been exhausted.
- The fund request is for a minimum of \$700,000 but does not exceed one-third of the 2003 CDBG allocation.

Review and Approval Process

Applications for Section 108 Loan Guarantees must be reviewed and approved by the state prior to being submitted to HUD. The state's review will consist of an evaluation and recommendation by CTED staff, and when appropriate, the Rural Washington Loan Fund Advisory Committee, and finally, approval by the Director of the Department of Community, Trade, and Economic Development. The Director may place additional conditions on the loan guarantee and may require that up to 10 percent of the loan proceeds be reserved for defaulted loan payments.

The application and supporting documents will then be forwarded to the HUD Regional Office. After review and approval by the Regional Office staff, the application will be forwarded to HUD Headquarters in Washington, D.C., for final review and approval. HUD may impose additional conditions on the loan guarantee.

Special Requirements

Applicants receiving approval:

- May be required to establish a reserve account of up to 10 percent of the loan amount.
- Will be charged an interest rate of the cost of borrowing plus a one-time commitment fee of up to 1½ percent of the loan amount.
- Will pledge adequate collateral commensurate with the risk and term of the request.

Use of Section 108 Program Revenues

Any incremental servicing fees assessed over the cost of borrowing or commitment fee, shall be used for administrative costs.

Fiscal Year 2003 Rural Washington Loan Fund

The Rural Washington Loan Fund (RWLF), administered by CTED, was created by the Washington State Legislature to provide "gap financing" to small businesses, primarily in economically distressed and timber-impacted areas of the state. To conform to the State Constitution, the RWLF Program exchanges the state appropriated RWLF funds with an equal amount of CDBG Program funds. RWLF is guided by RCW 43.168 in addition to HUD regulations.

Currently, approximately \$1.6 million of pre-switched CDBG resources is being held available for use in the RWLF program. In the event that the RWLF lacks sufficient resources to complete an eligible loan request at any point in the year, up to \$500,000 annually will be made available from the state's award.

Amount of Funds Available

The RWLF Program anticipates funding authority of approximately \$6 million for the 2003 program year.

Application Guidelines

Application Deadline

Recommendations regarding applications will be made to the Washington Loan Fund Advisory Committee. The committee's recommendation requires the approval by the Director of the Department of Community, Trade and Economic Development.

Application Requirements

An application to the Rural Washington Loan Fund must be on behalf of a specific business project. An eligible jurisdiction may submit more than one application at any time. Applications up to a maximum of \$700,000 each may be accepted.

An application will consist of:

- An application signed by the authorized chief administrative officer of the local jurisdiction;
- Documentation supporting the need for the assistance and job impact;
- Confirmation/documentation of authority of the business to enter into the transaction;
- Evidence that the jurisdiction has complied with Citizen Participation Requirements, including at least one well publicized public hearing and the adoption of a CDBG Grievance Procedure; and
- Assurance that all CDBG Program requirements will be met.

Eligibility Guidelines

Eligible Applicants

The Washington State Legislature has targeted at least 80 percent of the RWLF funds to distressed and timber-impacted areas. A distressed area has been defined in RCW 43.168.020 as a county with an unemployment rate 20 percent above the state average for the immediately previous three years, or an area within a county that meets the following conditions:

- It is composed of contiguous census tracts.
- It has a minimum population of 5,000.
- It has at least 70 percent of its population with incomes below 80 percent of the county's median income.
- It has an unemployment rate 40 percent higher than the county's unemployment rate.
- It has less than 100 residents per square mile.

A timber/salmon impact area has been defined as a county, or a city within a county, having a population of less than 500,000 and meeting two of the following three criteria, for the most recent year that such data is available. The Employment Security Department has determined that the three criteria are that a county or city has:

- A lumber and wood products employment location quotient at or above the state average.
- Projected or actual lumber and wood products job losses of 100 or more.
- An annual unemployment rate 20 percent or more above the state average.

The county or any city within a distressed county may sponsor a RWLF application. Non-distressed areas may receive up to 20 percent of RWLF funds provided that the fund's net worth is not less than \$7,100,000.

Eligible Activities

RWLF can accommodate almost any type of private sector business that has the legal authority to borrow funds. This includes owner-users, developers, not-for-profit organizations, quasi-public corporations such as ports, limited partnerships, general partnerships, proprietorships, and community organizations. RWLF priority ventures include business projects that will:

- Meet "appropriate" criteria as defined by HUD.
- Create or retain job opportunities benefiting low- and moderate-income persons; and
- Increase cash flow into the community by diversifying and expanding the economic base.

The business may be involved in any of the following activities:

- Manufacturing or other industrial production.
- Agricultural development or food processing.
- Aquaculture development or seafood processing.
- Development or improved utilization of natural resources.
- Tourism facilities.
- Transportation or freight facilities.

- Retail or service enterprises that will expand the community's economic base rather than redistribute an existing customer base.
- Other activities representing new technology or a type of economic enterprise that is needed to diversify or stabilize the economic base of an area.

A business that faces a relatively high probability of layoffs needs to demonstrate that:

- Prospects for a turn-around of profitability are good.
- The economic fabric of the community would be significantly damaged through the projected loss of jobs.
- The business has a record of providing jobs for which low-income persons are eligible.

Funds can be loaned for the acquisition, design and engineering, improvement, rehabilitation, construction, operation, or maintenance of any property, real or personal, that is used or is suitable for use by an economic enterprise (subpart CFR 570.203). Working capital term loans are eligible.

Applications from certified minority- and women- owned businesses (MWOB) may be funded 100% if the request is less than \$50,000 and must have some other lender participation if the request is greater than \$50,000 but less than \$100,000. The underwriting criteria for MWOB loans under \$100,000 may vary from the RWLF applications.

Ineligible Activities

Activities not eligible under the RWLF Program include:

- Funds used for the purpose of directly or indirectly financing shopping malls;
- Businesses which have a negative tangible net worth; and
- Those activities that do not meet "appropriate" criteria.

Method of Funding Distribution

Applications for RWLF loans will be evaluated on an individual basis using the following criteria:

- Need for the assistance. The assistance requested is "appropriate" for the project. HUD's requirement for individual businesses is a maximum of \$50,000 assistance per full-time equivalent, permanent job created or retained. CTED guidelines are flexible and average around \$25,000 per FTE job created or retained;
- Job creation. Permanent jobs created or retained as a result of the project will be made available to low-income persons.
- Other criteria as defined by RWLF statute.

Use of RWLF Program Revenues

Business receiving assistance through the RWLF are required to make principal and interest payments. Up to two percent (2%) of program income, including principal and interest and investment earnings received by the fund, may be used for RWLF Program administration. The balance of program income will be made available for future loans through the RWLF Program.

Fiscal Year 2003 CDBG Float-Funded Activities

The Department of Community, Trade and Economic Development (CTED) manages the Float-Funded Activities program that serves non-entitlement jurisdictions by using CDBG funds allocated to the Washington State CDBG Program, but not expected to be drawn down for the duration of the loan term. These funds may be used to provide short-term loans to businesses/developers for CDBG-eligible activities that meet a HUD National Objective. Float-funded activities are described in the HUD regulations at 24 CFR 570.301 (b).

Amount of Funds Available

Based on the estimated cash expenditures of CDBG construction grants and the amount of estimated funding available for the FY 2003 Washington State CDBG Program, the maximum estimated amount of funding for Float-Funded Activities is \$20,000,000. For projected and existing Float-Funded activity obligations, see Table 4 on page 65.

Application Guidelines

Application Deadline

Applications for Float-Funded Activity may be submitted anytime after adoption of the 2003 Action Plan. The decisions related to project approval or denial will be made by the Director of the Department of Community, Trade and Economic Development.

Application Requirements

An application for a Float-Funded Activity must be on behalf of a specific economic or community development project. An eligible jurisdiction may submit more than one application at any time.

An application will consist of:

- An application signed by the authorized chief administrative officer of the local jurisdiction;
- Documentation supporting the need for the assistance and job impact;
- Confirmation/documentation of authority of the business or community development organization to enter into the transaction;
- Evidence that the jurisdiction has complied with Citizen Participation Requirements, including at least one well publicized public hearing and the adoption of a CDBG Grievance procedure; and assurance that all CDBG Program requirements will be met; and
- Submittal of an unconditional, irrevocable letter of credit drawn from a financial institution acceptable to the Department of Community, Trade and Economic Development (CTED) in the amount of the request. CTED may require that the letter of credit be enlarged to cover accrued interest.

Eligibility Guidelines

Eligible Applicants

Eligible applicants are cities and towns with less than 50,000 population or counties with less than 200,000 population provided the cities, towns, and counties **do not** participate as members of HUD Urban County Consortiums.

Eligible Activities

Float-Funded Activities can accommodate almost any type of private sector business or non-profit organization that has the legal authority to borrow funds. This includes owner-users, developers, quasi-public corporations such as ports, limited partnerships, general partnerships, proprietorships, and community organizations. Float loans can be made in support of any CDBG eligible economic or community development projects.

Float-Funded Activities priority ventures include business projects that will:

- Meet “appropriate” criteria as defined by HUD.
- Have an identifiable funding or return on investment gap preventing the project from being accomplished.
- Create or retain job opportunities benefiting low- and moderate-income persons; and
- Increase cash flow into the community by diversifying and expanding the economic base.
- Business projects that require infrastructure investments.

The participating business may be involved in any of the following activities:

- Manufacturing or other industrial production;
- Agricultural development or food processing;
- Aquaculture development or seafood processing;
- Development or improved utilization of natural resources;
- Tourism facilities;
- Transportation or freight facilities;
- Retail or service enterprises that will expand the community's economic base rather than redistribute an existing customer base; and
- Other activities representing new technology or a type of economic enterprise that is needed to diversify or stabilize the economic base of an area.

A business that faces a relatively high probability of layoffs needs to demonstrate that:

- Prospects for a turn-around of profitability are good.
- The economic fabric of the community would be significantly damaged through the projected loss of jobs.
- The business has a record of providing jobs for which low-income persons are eligible.

Funds can be loaned for acquisition, design and engineering, improvement, rehabilitation, construction, operation or maintenance of any property, real or personal, that is used or is suitable for use by an economic enterprise (subpart CFR 570.203). Working capital term loans are eligible.

Ineligible Activities

Activities not eligible for Float-Funded Activities include:

- Funds used for the purpose of directly or indirectly financing shopping malls.
- Those activities that do not meet “appropriate” criteria.

Requirements for Funding

The interim use of CDBG funds will be allowed only if the following requirements are met:

- The business must demonstrate that public financing of the project is "appropriate" to create or retain jobs. HUD's requirement for individual businesses is a maximum of \$50,000 assistance per full-time equivalent, permanent job created or retained. CTED guidelines are flexible and average around \$25,000 assistance per FTE job created or retained;
- The business or project sponsor must provide for the benefit of the jurisdiction/CTED an unconditional, irrevocable letter of credit in U.S. dollars in the full amount of the principal, plus interest if required, due under the loan from a financial institution acceptable to CTED;
- The business must agree to create jobs, the majority of which will be made available to low-and moderate-income individuals. Retention of jobs can also be considered as a qualifying factor;
- The business must enter into a First Source Agreement with a local Job Service Center. The purpose of the agreement is to identify and place certified disadvantaged (i.e., low-income) workers in non-managerial jobs created by the project;
- Rates of interest and other loan terms are determined by the needs of the project and by competitive factors;
- The business must agree to comply with all applicable federal, state, and local laws and regulations.
- Interim financing – Float Loan projects in support of Housing will primarily benefit low- and moderate- income individuals at an average rate of \$25,000 per household assisted.
- Interim financing in support of infrastructure will primarily benefit low- and moderate- income people at an average rate of \$10,000 per household.

Method of Funding Distribution

Applications for Float-Funded Activities will be evaluated on an individual basis using the following criteria:

- Need for the assistance. The assistance requested is "appropriate" for the project.
- Job creation. Permanent jobs created or retained as a result of the project will be made available to low-and moderate-income persons.
- Housing. Interim financing in support of housing projects that primarily benefit low- and moderate- income people.
- Infrastructure. Interim financing of projects that primarily benefit low- and moderate- income people.

Each application will be reviewed by CDBG and Department of Community, Trade and Economic Development staff. Additional information will be requested if needed. Staff will decide whether or not the project meets the above-stated criteria. The CTED certifying authority is the Director of the Department of Community, Trade and Economic Development (CTED). If funds are available, a Float-Funded Activity will be awarded to the applicant. CTED reserves the right to require

repayment of a loan to a business or developer made through a Float-Funded Activity at any time, when it is in the best interest of the program.

Use of Float-Funded Activity Program Income

Jurisdictions receiving a Float-Funded Activity award will be required to return the full principal plus interest to the Department of Community, Trade and Economic Development. Float-Funded Activity Program Income will be treated as additional CDBG funds subject to 24 CFR 570.489 Subpart I, and will be distributed to units of general local government in accordance with the state's approved annual method of distribution. Administrative fees will support expenses incurred by the program staff that was directly involved in packaging a specific Float Loan project.

Other 2003 CDBG Program Guidelines

Reallocated Funds

Reallocated funds are those, which HUD has recaptured from a grantee and reallocated to the state in accordance with the Community Development Act of 1974, as amended. Reallocated funds that are received by the state with the annual grant will be made available to eligible jurisdictions through 2003 funding distribution processes in accordance with the methods of distribution described in this statement.

Recaptured Funds

Recaptured funds are funds that remain unused by grantees at the point of contract completion. These funds will be redistributed according to the guidelines in this section.

Recapture of Funds Policy

It is CTED's policy to recapture and retain (de-obligate) unspent CDBG funds from local General Purpose, Grant, Public Service Grant, Community Investment Fund Grant, Housing Enhancements Grant, Planning-Only Grant, Imminent Threat Grant, Enhancement Grant, and Supplemental Grant award recipients when it is clear that the recapture will not preclude local ability to complete approved activities.

For General Purpose Grants and Community Investment Fund only, exceptions to this policy may be made based on the following considerations:

- Up to two percent (2%) of the grant recipient's total grant amount, to a maximum of \$10,000, may be retained for CDBG eligible activities, subject to written approval by CDBG Program staff.
- Use of unexpended funds for new activities will be limited to instances where previously approved project activities will be measurably enhanced as reviewed and approved by CDBG staff. Use of unexpended funds may also be used to implement some part or all of the jurisdiction's approved Americans with Disabilities Act (ADA) plan.
- Local requests to retain unspent or unobligated funds must meet CDBG criteria and the Final Statement or Action Statement criteria for the year in which the funds were originally awarded.
- Fund balances de-obligated from GP and CIF projects may be re-obligated in grants made to the originating jurisdiction for the express purpose of accomplishing ADA objectives under the ADA Incentive Grant Program. Up to 2% of the grant recipient's total original grant amount, up to a maximum of \$10,000, may be reallocated as an ADA Incentive Grant award. Awards made to jurisdictions for ADA Incentive grants must be expended within one year of the contract date.

Use of Recaptured Funds

Recaptured funds will be placed within the Contingency Fund for distribution according to its guidelines. (See Table 1A "Description of Proposed Uses")

Remaining Funds

Remaining funds are funds that have not been, or are no longer intended to be, distributed according to the method of distribution for annual grants. This can be an amount left over after awarding grants within an individual CDBG program, but too small to fully fund an application.

1) Housing Enhancement Grants

Remaining funds from the Housing Enhancement Grants not distributed by December 31, 2003, will be placed in the Contingency Fund and distributed according to those guidelines.

2) Community Investment Fund

Remaining funds from the CIF Grants not distributed by December 31, 2003 will be placed in the Contingency Fund and distributed according to those guidelines.

3) General Guidelines

Remaining funds are placed in the Contingency Fund for future distribution in a manner that is consistent with the overall goals and objectives of the Washington State 2001-2005 Consolidated Plan. The use of these funds could include CDBG General Purpose Grants, Planning-Only Grants, Community Investment Fund, Housing Enhancement, Imminent Threat Grants, or Supplemental Grants.

Funds remaining in the Contingency Fund at the end of the 2003 CDBG Program year will be made available for funding of 2004 General Purpose, Planning-Only, Community Investment Fund, and Housing Enhancement applications.

Program Income

Program income is any income generated from the use of CDBG Program funds such as proceeds from disposition of property, loan repayments with interest, proceeds from sale of loans, and accumulated payments received prior to a project being administratively closed. All program income accrued while a contract is still open and active must be used prior to drawing additional CDBG funds from the state. Program income for active contracts must be accounted for on each reimbursement request. Income earned by the grantee as a result of project activities after project completion and after administrative close-out, retains its federal identity and must be reported to CTED annually if it exceeds \$25,000 in any calendar year.

1) General Purpose, Community Investment Fund, & Enhancement Grants

It is CTED's option, under federal CDBG regulations, to allow local jurisdictions to return or retain program income generated through implementation of their approved grant activities. Accordingly, CTED will allow jurisdictions receiving General Purpose Grants and Supplemental Grants to retain program income, earned during grant implementation, to continue the activity from which the program income was derived in accordance with applicable regulations and a duly executed Close-out Report between the grantee and CTED. Program income earned after project completion, but before administrative close-out, may be subject to the Recapture of Funds Policy.

2) Planning-Only and Imminent Threat Grants

Jurisdictions receiving Planning-Only Grants and Imminent Threat Grants will be required to return any program income generated during project implementation. This program income will be subject to the Recapture of Funds Policy and returned to the Contingency Fund for distribution in accordance with the 2003 Action Plan.

3) Awards in support of Regional Microenterprise Projects

Jurisdictions receiving a grant in support of a Microenterprise project will be allowed to retain program income for continuance of the microenterprise activity in accordance with CDBG requirements and a Closeout agreement between the municipal grantee and CTED.

4) Housing Enhancement Grant

Jurisdictions receiving Housing Enhancement Grants will be allowed to retain program income for continuance of the housing program in accordance with applicable requirements and a Close-out Agreement between the municipal grantee and CTED.

5) Rural Washington Loan Fund Grants

Businesses receiving assistance through RWLF are required to make principal and interest payments. Up to two percent (2%) of program income including principal and interest and investment earnings received by the fund may be used for RWLF Program administration. The balance of program income will be made available for future loans through the RWLF Program, in a manner that is consistent with the overall goals and objectives of the RWLF Program.

6) Float Loans

Jurisdictions receiving a Float Loan award will be required to repay the loan plus interest to the Office of Trade and Economic Development. Principal repayments will be transferred to the Department of Community, Trade, and Economic Development's CDBG Program. These funds will be redistributed in accordance with the state's 2003 CDBG Action Plan. All interest earned will be considered Program Income. Up to 2 percent of the loan amount and 2 percent of interest earnings may be used for CDBG administrative purposes.

Miscellaneous Revenue

The amount of program income expected to be generated in the year 2003 by the state's revolving loan funds and deposited to the state's revolving loan fund is \$687,168. No program income is expected to be received in 2003 from float funded activities.

The amount of program income expected to be received during the current/2002 program year from float-funded activity is \$43,000.

Float-Funded Activities - No float funded defaults are anticipated in 2003 since float-loans are secured by bank-supported irrevocable letters of credit. Refer to Table 4 below for a detail of current float-loans.

Table 4: Float Loan Program Income

Detail of program income expected from new year 2003 float-funded activities and program income expected from current float-funded activities.

Name	Location	Year	Float-Loan Amount	Float-Loan Program Income	Date of Issuance	Due Date
Grays Harbor Public Development Company	Grays Harbor County	2000	\$4,500,00	\$43,000	8/25/00	5/25/03
* All Float-loans are secured in full by an Irrevocable Bank Letter of Credit.						

Table 5: Detail of Existing Section 108 Loan Guarantee Projects

Name	Location	Year	Original Amount	Balance as of 10/1/02	CDBG Fund Losses	Maturity Date
Grays Harbor Paper	Hoquiam	1994	\$3,300,000	\$845,000	Principal: \$745,000 Interest: \$116,271	August 1, 2004
Shilo Inn	Ocean Shores	1994	\$3,600,000	\$2,500,000	0	August 1, 2014
Icicle Amusement	Leavenworth	1996	\$2,020,000	\$1,450,000	0	August 1, 2015
Everybody's of Raymond	Raymond	2001	\$1,960,000	\$1,830,000	0	August 1, 2016
Grays Harbor PDA	Grays Harbor County	2002	\$4,565,000	\$4,500,000	0	August 1, 2021
Maritime Center	Port Townsend	2002	\$1,000,000	\$1,000,000		August 1, 2023
Total Currently Obligated:				\$12,125,000		
Total Unobligated:				\$5,875,000		

Table 6: Available CDBG Loan Guarantee for 2003

Section 108 Loan Guarantee Available in 2003	\$18,000,000
Estimated Section 108 Loan Guarantee Obligations 1/01/03	\$12,125,000
Total Unobligated Section 108 Loan Guarantee 1/01/03	\$5,875,000

MONITORING STANDARDS AND PROCEDURES

Overview

All CDBG grant recipients will sign binding contracts that spell out program requirements. CTED will monitor its grant recipients for compliance with specific program requirements, including applicable federal requirements, such as handicapped accessibility, fair housing, lead-based paint, and Davis-Bacon. In addition, CTED will monitor in the areas of general management, performance goals, financial management, data collection and reporting, eligibility determinations, nondiscrimination, program outreach, timely reporting, coordination with other programs, and inspection of completed units. Monitoring will consist of both desk and on-site reviews.

Primary Goals

CTED has four primary goals while monitoring programs and projects:

1. Ensure accomplishment of service or production.
2. Ensure accountability of public funds.
3. Ensure compliance with federal and state requirements.
4. Evaluate and when appropriate offer assistance in support of organizational and project performance for a specific time period.

These goals apply to all programs and services, including HOME, Community Development Block Grant, Emergency Shelter Grant Program, Housing Opportunities for Persons With AIDS, Mortgage and Rental Assistance Program, Emergency Shelter Assistance Program.

HOME Monitoring Plan

Each of the programs funded by the HOME grant will establish specific policies, procedures, and tools to perform on-site and desk monitoring. The standards for each program are explained in the following sections.

Home Repair and Rehabilitation Program

- Contractors are responsible for quality assurance of all work and must perform a final inspection on 100 percent of all housing units worked on.
- CTED will conduct inspections of a random sample of units improved. The sample will be based on the number of units improved and nature of problems found.
- Technical assistance, the primary purpose of all site visits, will be provided based on monitoring findings.
- Trip (or compliance) reports will be written and provided to agencies within 21 working days of a site visit.
- Contractors are responsible for correcting and reporting deficiencies within 30 days of receiving the trip report.

HOME Rental Housing (Moderate and Substantial Rehabilitation and New Construction) and Tenant-Based Rental Assistance Program

- Perform on-site inspections of HOME-assisted units in rental housing developments no less than:

- Every three years for projects of one to four units,
 - Every two years for projects with five to 25 units, and
 - Annually for projects with 26 or more units.
- Perform annual on-site inspections of rental housing occupied by tenants receiving HOME-funded tenant based rental assistance.
 - Perform a periodic risk assessment on each program and/or project funded with HOME monies. The risk assessment will identify which funding recipients require comprehensive monitoring. High-risk funding recipients include those that are:
 - New organizations to the HOME program.
 - Experiencing turnover in key staff positions, such as executive director and chief financial officer.
 - Repeated past compliance or performance problems.
 - Undertaking multiple HOME-funded activities for the first time, such as rental project and TBRA, and
 - Not submitting timely documentation, such as annual reports and/or requests for reimbursement.
 - Conduct desk reviews at least annually as HOME fund contractors submit annual performance reports. The annual reports will be reviewed and the activities reported will be compared with the original contract and purpose of the project, along with any subsequent amendments.
 - Contract and other written agreements will be the primary mechanism for enforcement of corrective actions in situations of noncompliance.

Emergency Shelter Grant Program (ESGP) and Housing Opportunities for Person with AIDS (HOPWA)

- HOPWA and ESGP funded agencies will be monitored for program compliance annually.
- Monitoring will be conducted using a standardized monitoring instrument and will be documented in the appropriate monitoring file.
- Instances of noncompliance will be required to be corrected immediately. When such immediate correction is not feasible, the agency will correct such deficiencies within 30 days, providing CTED with copies of supporting documents demonstrating the corrective action taken. Additional time for corrective action may be allowed, on a case by case basis.
- A risk analysis will be performed annually based upon the data reported in annual performance reports. The analysis will also include, but not be limited to, other data, such as audit reports, evidence of key staff turnover, timeliness of billings and other reporting requirements.
- Agencies determined to be at a high level of risk for fund accountability and program compliance may be monitored on a more frequent schedule.
- Instances of noncompliance will be recorded and reported as necessary to members of the CTED Housing Division and other CTED Divisions, which may be funding other programs, administered by the agency in question.
- Once an agency has fully complied with program requirements and can be categorized at a

lower level of risk, monitoring may then revert to the regular schedule.

Community Development Block Grant (CDBG) Monitoring Plan

Monitoring standards and procedures for Community Development Block Grants are set forth in Section 15 of the CDBG Management Handbook. Management workshops are offered a minimum of once a year for all new and current CDBG grant recipients. Workshops are usually held at sites on both the east and the west sides of the state. Technical assistance on all aspects of CDBG performance and compliance issues is available upon request.

Communities are responsible for selecting, planning and carrying out programs, projects, and activities in accordance with state and federal regulations and their CDBG contract. The role of CDBG staff is to assure that grantees are carrying out their programs in accordance with the applicable laws and regulations and to provide technical assistance. As part of this process, CDBG staff help grant recipients and their sub-recipients identify and correct problems or potential problems in program implementation. Whenever possible, deficiencies will be corrected through discussion, negotiation, or technical assistance in a manner that preserves local discretion.

Representatives from the U.S. Department of Housing and Urban Development may also conduct monitoring visits to assure that grantees are carrying out their programs in accordance with applicable laws and regulations.

The CDBG staff objectives for monitoring are to determine if grantees are:

- Carrying out their CDBG-funded activities as described in their contracts (as modified or amended);
- Carrying out the program or project in a timely manner in accordance with the schedule included in the CDBG contract;
- Charging costs to the program or project which are eligible under applicable regulations;
- Complying with other applicable laws, regulations and terms of the CDBG contract;
- Conducting the program in a manner which minimizes the opportunity for fraud, waste and mismanagement; and
- Have a continuing capacity to carry out and maintain the approved program or project.

A CDBG monitoring visit may consist of an on-site monitoring or a desk monitoring. All CDBG grantees will be monitored once prior to a contract being administratively closed. The areas monitored may include:

- Overall Management System, Record Keeping and Progress in Activities
- National Objectives
- Environmental Review
- Financial Management
- Property Management
- Procurement
- Efforts to Use Small, Minority- and Women-Owned Businesses
- Labor Standards

- Non-Construction Contracts between Grantees and Consultants
- Sub-recipients
- Civil Rights
- Acquisition/Relocation
- Housing Rehabilitation and Lead-Based Paint
- Citizen Participation

When a grantee is found to be out of compliance, CDBG staff will identify a specific period of time in which compliance should be achieved. Usually the grantee will have 30 days to correct deficiencies. Copies of supporting documentation demonstrating that corrective action has been taken will be required. Additional time for corrective action may be allowed on a case by case basis. Failure by the grantee to correct deficiencies may result in funds being withheld, sharing of the noncompliance findings with CTED programs and divisions, and possible restrictions on future grants.

PUBLIC PARTICIPATION PLAN

Requirements for Local Jurisdictions

The Washington State CDBG Program requires that jurisdictions demonstrate within their initial application for CDBG funds, that they have met the program's Citizen Participation requirements. Documentation must include, the jurisdiction's process for seeking and obtaining citizen participation leading up to application submittal, the process for ensuring ongoing citizen participation, and a grievance procedure.

Based on the federal citizen participation requirements outlined in 24 CFR 570.486, the minimum requirements for the submission of a CDBG application are:

1. Conduct at least one public hearing prior to submission of the CDBG application. This hearing must be held at a convenient time and location to encourage citizen participation.
2. Publish an official announcement of the hearing, providing reasonable advance notice. A sample public hearing notice with required language is available from CTED upon request.
3. Distribute information on the availability of CDBG funds and the eligible uses at the public hearing. Sample fact sheets are available from CTED upon request.
4. Review local demographic data to determine if it is reasonable to expect a significant number of non-English speaking residents to participate in the public hearing and advertise and conduct the public hearing in accordance with this determination. Detailed guidance on providing and documenting outreach and accommodation for non-English speaking residents is provided in the application handbooks and available from CTED upon request.
5. Adopt a grievance procedure for the use of CDBG funds. A sample grievance procedure is available from CTED upon request.
6. Document that the notice was published and the hearing was held. A documentation checklist is provided below.

The required citizen participation documentation to be submitted with the application includes:

- A copy of the public hearing minutes, including a statement that the CDBG required handouts were distributed.
- A copy of the affidavit of publication or the notice from the paper.
- The Outreach and Accommodation for Non-English Speaking Residents form, documenting the review and determination of local data on non-English speaking populations, the list of outreach steps (if applicable) and accommodations made.
- A copy of the jurisdiction's adopted Grievance Procedure.

Amendments to the State's Method of Distribution

Amendments to the Consolidated Plan are necessary at least once each as a means of proposing and updating the state's method of distributing HUD funds. Annual amendments to the state's Consolidated Plan are called the Action Plan. In addition, amendments will be necessary when new funding programs are available and need to be incorporated into the five year Consolidated Plan prior to implementation. Amendments to the Consolidated Plan will be necessary when:

- Funding amounts are ten percent more or less than amounts anticipated in the Strategic Action Plan; or,
- Components of the programs within the Consolidated Plan or Strategic Action Plan are proposed to change significantly in scope (such as eliminating a component or changing the method of distribution of funds).

This section describes the process for making amendments.

Consultation

1. Local Governments, advisory groups and program stakeholders such as the Affordable Housing Advisory Board and the Washington State Economic Revitalization Team (WA-CERT) will be consulted during preliminary development of the Strategic Action Plan. They, and others, will be consulted in the event there are program additions, or changes in scope to programs described in the Consolidated Plan.
2. State and federal agencies will be consulted when changes could affect or change the way state managed HUD resources work with existing program structures.

Meetings

1. When changes to policy or program design are proposed that would benefit from the input of a broader community, CTED will conduct focus groups, workshops or public meetings to seek input.
2. Meetings will be located on both the east and west sides of the state when appropriate and feasible.
3. Meeting locations will be barrier-free and a contact person will be specified to provide special accommodations when needed.
4. Notices of meetings will be distributed in advance through the mail, newspaper publication, and through CTED's website.

Public Hearings and Publication Information

1. Generally, public hearings will not be necessary for amendments.
2. In the event that a program component is added or eliminated, there are several non-grammatical changes, or the state determines it would benefit from a public hearing, a public hearing or set of public hearings will be conducted by CTED, which may be conducted by video conferencing through Washington Interactive Television.

3. Public hearing locations will be barrier-free, and a contact person will be specified to provide special accommodations when needed.
4. Notices will be distributed at least 14 days in advance of the public Hearings through the mail, newspaper publication, and through CTED's website. Notices will be published in at least four regional newspapers or business journals, sent to people and organizations on the program mailing lists, and published electronically.
5. Notices will describe locations, times, purpose of meeting or hearing, and invite people with special needs to contact a specified person to make appropriate arrangements.
6. Proposed amendments will be made available for public comment for at least 14 days. Notice of the amendment will include information regarding the substance of the amendment and options as to how to view or receive a copy of the entire amendment.
7. Copies of the draft and final amendment, if different from the draft, will be sent to the Washington State Library for distribution to regional libraries, and if possible, will be made available on CTED's website. Copies will be made available in a form accessible to persons with disabilities upon request.

Comments on Proposed Amendments and Action Plan

1. Comments on the draft amendment and annual Action Plan will be sought for at least 14 days.
2. Written or oral comments received during the comment period, and during any public hearings on proposed amendments conducted by CTED during the comment period, will be incorporated into the comments section of the amendment. CTED will respond to each comment. Similar comments may be combined, in which case the number of people or organizations that concur with the issue as expressed will be specified.

Performance Reports

1. Performance Reports will be complete and available for review at least three weeks prior to when they are submitted to HUD.
2. Notices of report availability and the name of a contact person will be distributed to people and organizations on the program mailing lists.
3. At least 14 days will be allowed for written comment prior to submittal of the report.
4. A summary of written and oral comments received during the comment period and the state's response to the comments will be compiled and submitted with the Performance Report.

Access to Records

Citizens, public agencies, and other interested parties will be provided with reasonable and timely access to information and records relating to the state's Consolidated Plan, all subsequent amendments, and the state's use of assistance under the programs covered by the Consolidated Plan during the preceding five years. Requests for information may be submitted to:

CDBG Program
Department of Community, Trade, and Economic Development
906 Columbia Street SW
Post Office Box 48350
Olympia, WA 98504-8350

Complaints

Written complaints and grievances regarding the Consolidated Plan or its subsequent amendments will be logged in by the appropriate person then forwarded through the correct channels and monitored for resolution and timely response.

The CDBG complaint procedure provides for CDBG program staff to conduct follow up research, including notification to the jurisdictions, and to write a response to the complainant. When possible, the complainant will receive a written or oral response within 15 working days.

The complaint may also be treated as an administrative review by the Managing Director when the complaint is related to CDBG staff interpretation of program policies or rules. Administrative review may take longer than 15 working days to complete; the complainant will be notified when a complaint will receive administrative review and provided an estimate of time needed for a response.

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2. Publish an official announcement of the hearing, providing reasonable advance notice. A sample public hearing notice is available from CTED upon request.
3. Distribute information on the availability of CDBG funds and eligible uses at the public hearing. Sample fact sheets are available from CTED upon request.

4. Publish the public hearing notice in an alternate language and provide an interpreter at the hearing, when a significant number of non-English speaking residents are expected to participate.
5. Adopt a grievance procedure for the use of CDBG funds. A sample grievance procedure is available from CTED upon request.
6. Document that the notice was published and the hearing was held. A documentation checklist is provided below.

The required citizen participation documentation to be submitted with the application includes:

- A copy of the public hearing minutes
- A copy of the affidavit of publication or the notice from the paper
- If applicable, a copy of the affidavit of publication or the notice from the paper in an alternate language.
- A copy of the jurisdictions' adopted Grievance Procedure.

COMMENTS

The draft 2003 Action Plan will be made available by request and on CTED's website by October 14, 2002. The formal comment period will begin on October 14, and end at 5:00 PM on November 1, 2002.